Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain .. Din 0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium .... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT $65
France .. FFr 6.00	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 160
Greece .... Dr 60	Netherlands Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway . Nkr 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,304 — Tuesday April 24 1984 — D 8523 B

Saudi Arabia: a calm oasis in a troubled region, Section IV

NEWS SUMMARY

GENERAL

MPs will protest at Libya decision

The British Government will come under pressure in Parliament this week to explain why the Libyan People's Bureau in London was allowed to function as an embassy, especially after "students" took it over.

It will also face protests from MPs angry that the killer of a policewoman will go free.

Britain decided to break off diplomatic relations with Libya and expel the Libyans in the bureau, who said they would leave hours before next Sunday's deadline. British diplomats will be withdrawn from Libya, and Italy is expected to represent British interests there in future. **Page 5**

Nigeria crackdown

Nigeria's military Government, in what it termed a "drastic" crackdown on currency smuggling, closed its land borders yesterday and announced it will replace its currency, the naira, an official broadcast said. The currency changeover will start on Wednesday with the withdrawal of 1-20 naira notes and be completed by May 6.

Angola bombing

Over 200 people, mostly Cuban and Soviet advisers and their families, died in a bomb attack on their hostel in Huambo, central Angola, Unita right-wing guerrillas claimed.

Jail chiefs sacked

The head and deputy head of Spain's top-security Alcala-Meco prison were sacked after three inmates escaped using mock pistols made from soap.

Saudi Minister out

Saudi Health Minister Ghazi Gusaibi, known for his drive against corruption in the ministry since being appointed in October, was dismissed. **Page 2**

French flight ban

French air traffic controllers will temporarily halt flights from main Paris airports today in protest at Government plans to restrict their right to strike.

Morocco amnesty

King Hassan is expected to proclaim an amnesty this summer for most of the 800 Moroccans jailed for food riots in January.

Bonn draft plan

West Germany will probably extend military service from 15 to 18 months next year, and begin recruiting women troops, to offset the falling number of eligible men, the Defence Ministry said.

Beirut talks falter

A security committee was struggling to keep alive a plan for separating combatants in Beirut, as consultations on forming a new Lebanese Government continued in Beirut and Damascus. **Page 2**

Camorra men escape

Three leading members of the Camorra – Naples' Mafia – who had collaborated with the police escaped from a detention centre after claiming their lives were in danger.

Gunmen kill mayor

Gunmen in the Philippines killed the mayor of Angadanan, 200 miles north of Manila, during Easter Mass – the fourth mayor killed in the run-up to the May 14 parliamentary elections.

Death on Everest

Bulgarian climber Hristo Ivanov Prodanov died after becoming the first man to climb Mount Everest by the west ridge without oxygen, his teammates reported.

BUSINESS

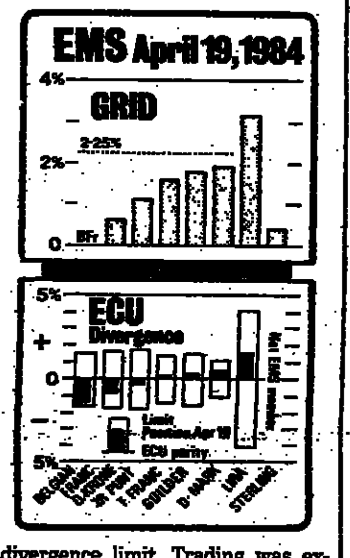
Sears Roebuck profits up 34%

SEARS ROEBUCK, biggest U.S. general merchandiser, said net earnings rose 34 per cent to $213.8m, or 60 cents a share, in the first quarter, on group sales up 12 per cent to $8.37bn. The improvement, in line with market predictions, points to the strength of U.S. consumer spending. **Page 18**

JAPAN'S four big securities houses – Nomura, Daiwa, Yamaichi and Nikko – returned record parent company turnover and profits for the six months to March. **Page 21**

CHARTER, Florida-based group, filed for protection under Chapter 11 of the U.S. bankruptcy code for the parent company and a quarter of its 200 subsidiaries. Only oil operations are affected; insurance operations are working normally. **Page 18**

BELGIAN franc was slightly firmer in the European Monetary System last week and was placed within its divergence limit. Trading was extremely quiet ahead of the long weekend. The dollar's firmer trend tended to depress the D-Mark and this helped to relieve any downward pressure on the weaker members of the system. The lira remained the strongest currency by virtue of its wider divergence allowance, while the D-Mark was again the firmest currency bound by the 2¼ per cent limit.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

WALL STREET: Dow Jones index was down 5.44 at 1,152.6 before the close. **Report, Page 23; Full share listings, Pages 24-26**

TOKYO: Nikkei Dow index shed 5.71 to 10,800.78. The Stock Exchange index rose 2.7 to 848.51. **Report, Page 23; Leading prices, other exchanges, Page 26**

LONDON and European markets were closed for Easter.

DOLLAR in New York at lunchtime was DM 2.66125 (DM 2.6645 at Friday's close), SwFr 2.19525 (SwFr 2.2), FFr 8.18375 (FFr 8.195) and Y224.6 (Y225.05). Sterling was $1.4175, against $1.417. **Page 34**

An industrial dispute in London has prevented the publication of up-to-date London Stock Exchange and Unit Trust prices. Wednesday's prices, the latest available, were published in Thursday's international edition and in the Saturday edition published from London. The editorial content of today's international edition has been restricted because of industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. share prices.

The crossword appears today on Page 5.

U.S. export curb proposals draw fire from business

BY NANCY DUNNE IN WASHINGTON

Proposals by the U.S. Commerce Department to tighten its export licensing system have drawn fire from 250 American companies, trade associations and several countries.

In comments submitted to the Commerce Department, U.S. business almost universally condemns the proposed rules. They are described as "severely damaging" to U.S. exports, "unequivocally disastrous" to the country's economy and likely to "exacerbate the friction" which exists between the U.S. and its major trading partners over extraterritoriality.

Worst of all, say many companies, the proposed new rules, as well as crippling U.S. competitiveness, would either duplicate rules already in effect or would not be sophisticated enough to achieve the aim of preventing the illegal diversion of sensitive technology to the Communist bloc.

The proposed changes were advanced in January by the Commerce Department, which has been fighting off attempts by the Pentagon and the Customs service to play larger roles in the export control process. The new rules would affect the issuing of distribution licences, which authorise U.S. exporters to make multiple shipments over an extended period under a single licence, rather than having to issue a licence for each shipment.

The regulations also govern the re-export of products to countries other than Nato members, Australia, New Zealand and Japan. They require foreign consignees to obtain agreement from their own customers not to re-export goods without Commerce Department approval.

One of the harshest indictments of the proposed rules was submitted by Mr Edward G Law, director of export regulation at International Business Machines, the world's largest computer company. He warned of severe business losses as well as significant administrative costs.

"Very little evidence has been forthcoming that distribution licence level products are being diverted in any quantity at all, let alone in sufficient quantity to justify such drastic, damaging changes as are proposed," he said.

The proposals would require recipients of U.S. exports to list the names and addresses of all customers to whom they expect to sell the products. The lists would have to be updated quarterly.

For IBM alone, the list would amount to more than 200,000 names, said Mr Law.

"There have already been misconceived allegations in Europe that the U.S. licensing process is used to promote the commercial interests of U.S. companies," he said.

The new proposals would also exclude the use of distribution licences for high-technology items including semiconductor devices, lasers and electron beam recorders. They would restrict the use of distribution licences to exporters which have obtained no fewer than 50 licences in the prior year.

Mr Law pointed out that government customers abroad could be lost if they refused to acknowledge the extraterritorial authority asserted by the U.S. over sales of technology and products.

Five foreign governments – Sweden, France, Ireland, Austria and Switzerland – all submitted comments on the proposals, but they requested that they be kept confidential.

Currently there are about 700 distribution licence holders in the U.S., which include some of the largest exporters. The Commerce Department acknowledges that the rules would raise the number of individual licences issued yearly from 90,000 to more than 1m.

According to a U.S. electronics company, Computervision, a tenfold increase in licence applications for Western countries could lengthen the waiting time from four to six weeks at present to more than a year.

The already overburdened licensing system would be so overwhelmed that some observers have suggested that the Commerce Department proposals were issued to satisfy administration hardliners.

American purchases of foreign shares at peak

BY TERRY DODSWORTH IN NEW YORK

U.S. INVESTORS went on an unprecedented overseas equity buying spree last year, as their net purchases of foreign shares shot up to $3.8bn, about 80 per cent more than the previous high of $2.1bn established in 1980.

The UK stock market was the main beneficiary of this buying surge, according to the annual survey of the Securities Industry Association (SIA).

Net purchases of UK shares rose from $218m in 1982 to $1.13bn – about half the $2.2bn invested in European equity markets. Net acquisitions of Japanese stocks doubled from $479m to $950m.

The interest of U.S. investors in foreign stock markets has shown a marked increase in the 1980s compared with the previous decade, says the SIA, when foreign investment in U.S. equities far outweighed U.S. activity overseas.

In the 1970s, foreigners made net purchases of $21bn of U.S. equities, while U.S. investors were net buyers of only $456m of foreign stocks.

The SIA warns that this change in U.S. investor psychology could have a longer-term impact in reducing net capital flows into the U.S. These flows have recently provided some leeway for the financing of the increasingly unfavourable U.S. trade balance. But the country's expenditure on foreign equities last year offset some 70 per cent of the capital inflow directed at U.S. stock market investment.

At $5.4bn, foreign investment in U.S. equities was almost 40 per cent higher than in 1982, when it reached $3.9bn, and only just below the record $5.8bn set in 1981. Enthusiasm fell off towards the end of the year as the U.S. stock market began to mark time, but foreign investors still accounted for about 10.5 per cent of the value of shares traded on the New York Stock Exchange, up from 9.8 per cent in 1982.

European investors were particularly active, increasing their net purchases by 54 per cent to a record $4bn, with UK purchasers leading at $1.8bn, followed by the Swiss on $1.3bn and the West Germans with $1bn.

Tobacco's top two puff on, Page 18; Wall Street report and prices, Pages 23–27

Industrial finance group seeks stakes in London stockbrokers

BY RAY MAUGHAN IN LONDON

INVESTORS in Industry (3i), which claims to be Britain's largest private-sector institution specialising in long-term industrial finance, is planning to join the revolution which is engulfing the UK securities industry by offering to take stakes in a number of leading London stockbroking firms.

Until last year 3i was known as Finance for Industry. It is owned by the Bank of England and nine English and Scottish commercial banks.

Eight broking partnerships have already been approached by 3i and an outline of its proposals to two more broking firms have been arranged this week. It is hoping to take minority, sleeping partner stakes in a number of firms

These proposals have been set out with particular reference to the major changes now expected when the fixed commission structure of London Stock Exchange dealing is broken and the traditional distinction between brokers (agents) and jobbers (principals) disappears.

At present, an outside investor may take a significant holding in only one stock exchange firm, but 3i expects that this limit will be lifted in the next year or so.

Many of the leading broking firms have already forged new alliances and secured additional source of outside capital to deal in shares on a worldwide basis when fixed commissions are finally abolished. Hoare Govett, for example, has Security Pacific, the U.S. bank, as a 29.9 per cent shareholder. Charter Consolidated, the mining finance house, has taken a similar holding in Rowe & Pitman.

Doubts, expressed forcibly last week by Mr David Hopkinson, the managing director of M&G, the £2.5bn ($3.5bn) unit trust group, are beginning to emerge in the City of London concerning the future marketability of second and third-line shares, traded purely within Britain, and the financial strength of the stockbroking firms which deal in them.

Mr Ewan Macpherson, a senior investment manager of 3i, believes that a number of large, if second-tier, broking firms require an injection of outside capital to maintain a full service in all domestic UK issues and to continue acting for their corporate clients in the secondary market.

Investment will be purely passive and restricted to within 10 and 20 per cent of a firm's capital, 3i has stressed. In return, 3i would expect to take a proportion of the issues handled by sponsoring brokers.

At the end of March last year, 3i had £758m of investments and loans to its company customers. Two months later, it was able to help Smith Brothers, the publicly quoted jobbing firm, to double its capital base by subscribing for new shares in conjunction with a rights issue and by subscribing for £2.5m of fixed-rate convertible paper. Smith has since welcomed N M Rothschild, the merchant bank, as a big shareholder in the recent round new securities industry alliances.

Gandhi seeks to widen split in Punjab separatists

By John Elliott in New Delhi

THE INDIAN Government estimates it will take one to two months to overcome a hard core of 400–500 trained and well-armed Sikh terrorists who are behind most of the recent killings and violence in the northern state of Punjab.

Ten people have died in the state in the past three days, bringing the total number of deaths this month to nearly 60. In two separate incidents yesterday, an Indian Air Force squadron leader was hacked to death in his home in Amritsar and six Sikhs were killed by paramilitary security forces in Ferozepur, one of the most turbulent areas near the Pakistan border.

The situation is the most critical faced by Mrs Indira Gandhi, India's Prime Minister, since she last took office over four years ago. It could affect her chances of winning the general election she must hold by next January. There appears, however, to be no chance at present of her trying to call a snap election to gain a fresh initiative.

The situation is complicated by reactions from Hindus, the religion of the majority in India, to Sikh violence. This may well be sharpened early next month when Punjab Hindus are planning a protest march to New Delhi.

"We should be able to break the back of the hard core within a couple of months or even less," M. M. K. Wali, Secretary of the New Delhi Home Ministry, said yesterday. The Government was trying to strengthen its intelligence operation and police morale, to catch and arrest enough of the hard core so that senior extremists leaders such as Sant Jarnail Bhuindranwali, hiding in the Sikhs Golden Temple in Amritsar, could "no longer be effective," Mr Wali said.

The Government is coming under increasing pressure to take action to end the disturbances. Mrs Gandhi said yesterday that informal talks were taking place with moderate Sikh leaders through intermediaries. Ministers hope that a widening split between the militants and moderates over recent terrorist violence will encourage the moderates to seek a settlement.

Mrs Gandhi sought yesterday to deflect criticism of her handling of the situation by blaming "agents working at the behest of the big super powers" for interfering in the Punjab and trying to destabilise the country.

Although she was not specific, she is believed to have been refer-

Continued on Page 18

Korea to open market to foreign banks

BY ANN CHARTERS IN SEOUL

SOUTH KOREA is to allow foreign banks to compete on an equal footing with domestic banks on the home market. The necessary structural changes are to be made gradually beginning this year, the Ministry of Finance announced at the weekend.

Foreign banks will from this year be allowed to join the National Banks Association – a group which confers on regulations and sets commissions and fees and the clearing house.

The definition of "capital" for foreign banks will also be broadened, giving them a larger base for their lending activities and for issuing guarantees and acceptances.

From next year branches of foreign banks will be able to participate in trust business and to have access to rediscount facilities at the central bank for export financing. Full rediscount facilities on a par with those offered to domestic banks are scheduled to be available from 1986.

South Korea has been under pressure from its trading partners, in particular the U.S., to open its markets. This move on the services side could remove some of the complaints and simultaneously help to modernise the Korean banking system, which has lagged behind other sectors of the economy in its sophistication.

Kim Mahn-Je, the Finance Minister, told foreign bank executive yesterday that liberalisation of the banking sector had been under study for some time. Present conditions, notably stable interest rates, strong growth in savings and continued low inflation had made the reforms possible, the minister said.

Foreign bankers heralded the move as "very positive" and "enlightened." One European banker suggested that the new opportunities offered might be more interesting to those banks with a larger presence in South Korea but a U.S. banker thought "imagination, not size" would determine which banks would take advantage of the increased competition.

The changes are not without local opposition. Although the Government has returned the large, nationwide commercial banks to private hands and has interfered less in their management during the last two years, the banks have become accustomed to a protected market.

Foreign banking sources, were careful to suggest that although the initial brief from the Finance Ministry provided a specific timetable, much would still depend on how the policies were implemented.

Tokyo offshore finance 'still alive'

BY JUREK MARTIN IN TOKYO

THE IDEA of establishing an offshore financial facility in Tokyo is still "alive" but not necessarily imminent, according to senior officials of the Japanese Finance Ministry.

The officials, in analysing the latest round of talks with the U.S. on liberalising the Japanese capital markets system, suggested that "serious consideration" might be given next year to drawing up a blueprint of such an offshore banking centre.

But they emphasised that such a move would only be countenanced in the wider context of the internationalisation of the yen and might have to take second place to the process of gradually removing controls from the domestic markets.

Although hedged with caution, this is the first acknowledgment in nearly two years that the once widely canvassed concept of setting up an offshore centre along London lines had not been expunged from official consideration.

It may reflect merely a desire by the Ministry of Finance not to be too dismissive of all the proposals put forward by the U.S. in the three recent bilateral discussions on reforming the Japanese markets. The U.S. Treasury has publicly expressed its frustrations at what it charges is an inadequate Japanese response to its representations.

In general, the officials gave little hint yesterday that the reform "package" promised for the end of next month would contain substantial concessions to the U.S. point of view.

They conceded that there had

Continued on Page 18

Nakasone's domestic concern, Page 18

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OVERSEAS NEWS

Mozambique renegotiates dam pact

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA, Mozambique and Portugal are understood to have reached agreement on a new tariff for the output of Cabora Bassa hydro electricity dam in Mozambique, putting the massive project on a viable financial footing for the first time since its commercial operations began in 1978.

The agreement will be the first major economic benefit for Mozambique since last month's signing of a non-aggression pact with South Africa.

Mr Louis Nel, the South African Deputy Foreign Minister, was due back from his visit to the Mozambique capital of Matuto yesterday where he held talks on the dam with Government officials.

The dam was built in the 1960s and financed mainly by Portugal with the output going to the South African electrical power authority. The dam can provide up to 10 per cent of the Republic's needs.

At independence in 1975, Mozambique agreed to respect the terms of the agreement although it argued that the rate paid by South Africa was too low.

At the time of its inception the dam also played an important strategic role in Portugal's planning for what was then its colony. The irrigation potential was to provide an incentive for scores of thousands of Portuguese settlers, a scheme thwarted by independence.

Power lines from the dam to South Africa have been frequently sabotaged by Mozambique dissidents, and supplies have been cut entirely since 1981.

Under the new agreement it is thought that the tariff will increase by up to 200 per cent. In the past, total receipts have gone towards repayment of the dam's initial cost but Mozambique officials say that the new tariff will provide the country with up to U.S.$15m (£10.6m) a year.

Mozambique and South Africa are also believed to be considering a joint protection unit for the lines to protect it against further sabotage.

The disruption of power has cost Mozambique about $800,000 a month in foreign exchange. The original agreement allowed Mozambique to "reimport" Cabora Bassa power at concessional rates from the South African grid which it paid in local currency.

However, the agreement stipulated that should the dam's power supply be interrupted Mozamibque's imports of South African electricity would have to be paid for in foreign currency.

● Swaziland is continuing its crackdown on members of the African National Congress (ANC) of South Africa, and is expected to expel ANC members from the country, according to reports from the capital in Mbabne.

It was disclosed last month that Swaziland signed a non-aggression pact with South Africa in February, 1982, but until now has tolerated an ANC presence. Over the past 10 days, however, there have been clashes between small ANC bands and Swazi security police.

The Swazi authorities have so far arrested about 50 armed insurgents thought to have entered the country from Mozambique, in the wake of the March 16 signing of the latter's non-aggression pact with Pretoria.

Poverty 'increasing' for black S. Africans

BY OUR JOHANNESBURG CORRESPONDENT

THE NUMBER of black South Africans living below the poverty line nearly doubled between 1960 and 1980, despite "real improvements" in incomes in the country's homelands, delegates to an inquiry on poverty in the Republic were told here.

The week-long conference sponsored by the Carnegie Foundation of the U.S., ended on Friday with a call for radical changes in influx control, citizenship provisions and land tenure.

In an address to the closing session, Prof Francis Wilson of Cape Town University, director of the Carnegie Inquiry, said that without radical reforms of "these pillars of the apartheid state," South Africa would be unable to achieve a fair and just society.

The 300 papers presented by a range of contributors from economists to doctors, lawyers and social workers, represents the most exhaustive assessment of poverty in the country since the first Carnegie Inquiry 50 years ago, when commissioners investigated the poor white phenomenon of the time.

The work of the second inquiry began in April 1982, and the findings presented this week will be followed up over the next two years.

A paper on income distribution and poverty in South Africa's 10 black homelands by Dr Charles Simkins, an economist at the University of Cape Town, provoked the most discussion.

Contrary to conventional wisdom it revealed: "Widespread and real substantial improvement in income (in the homelands) since 1960 and particularly since 1970." Almost no homeland families, the paper said, achieved the minimum living level in 1960, compared with 20 per cent in 1980.

On the other hand, it said, there has been a rise in the proportion of destitute households.

The study showed that the number of people receiving virtually no income had risen from 250,000 in 1960 to 1.43m in 1980. Those existing below the minimum living level had nearly doubled, from 4.9m to 8.9m over the same period. Of South Africa's population of 30m, 22m are black.

Job prospects for the homelands were poor, said Dr Wilson. The upsurge of local employment in the mining industry, which accompanied the fall in recruitment of foreign labour, had reached its limit and so probably had the creation of a new black civil service in the homelands.

Saudi Arabian Minister for Health dismissed

BY KATHY EVANS IN DUBAI

SAUDI ARABIA'S Health Minister, Dr Ghazi Gusaibi, has been relieved of his post, according to a royal decree issued in Riyadh.

Dr Ghazi Gusaibi assumed the post in October, having formerly held the portfolio of industry and electricity.

His dismissal from the cabinet touched off a round of speculation among Arab diplomats in the Gulf. He was regarded as the most powerful figure in the Council of Ministers apart from the King himself, Crown Prince Abdullah and two of the King's full brothers — Sultan, Minister of Defence, and Naif, Interior Minister.

France rebuffs Gadaffi on Chad

By David Marsh in Paris

THE FRENCH Government yesterday delivered a rebuff to Col Muammer Gadaffi over the Libyan leader's renewed call at the weekend for France to pull its peace-keeping troops out of Chad.

Commenting on Col Gadaffi's claim that Chad was "an extension" of Libya, the Foreign Ministry in Paris said that French soldiers were in Chad in agreement with the country's government and in compliance with French respect for "the sovereignty and independence of all countries within their internationally recognised boundaries."

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Lebanon factions struggle to keep truce plan alive

BY NORA BOUSTANY IN BEIRUT

CONSULTATIONS OVER the formation of a new Lebanese Government continued in Damascus and Beirut yesterday, while the multi-faction security committee scrambled to keep alive a disengagement plan for the separation of combatants.

Residents reported some shelling of east Beirut, after a dispute arose over the evacuation of some key positions straddling the Green Line dividing the Christian and Moslem halves of the capital.

A special security committee grouping representatives of the Lebanese Army, the Christian militais known as the Lebanese Forces, the mainly Druze Progressive Socialist Party and the Moslem Shiite Amal Movement met yesterday to iron out differences over the exact limitations of a buffer zone.

Under the disengagement plan, Lebanese gendarmes and new recruits are to man zones between Moslem and Druze fighters on one side and Christian militiamen and army regulars on the other.

Former Prime Minister Rashid Karami, a Sunni Moslem from the northern town of Tripoli, met with Syrian President Hafez Assad in Damascus yesterday. Mr Karami who headed the Council of Ministers in 1975, when the Lebanese civil war broke out, is tipped to head the new Cabinet. Mr Walid Jumblatt, the Druze leader, and Mr Nabih Berri, the Amal leader, also took part in the talks.

Efforts to create a new government have gained momentum following the summit meeting between Mr Assad and President Amin Gemayel of Lebanon last week. A relative relaxation of security conditions in Beirut followed the meeting.

The Lebanese Forces have rejected participation in the new Cabinet, on grounds that they will never recognise a government that has been the product of consultations in the Syrian capital.

PLO talks on unity end in Algiers

FOUR days of talks aimed at restoring unity to the deeply divided Palestine Liberation Organisation (PLO) ended in Algiers on Sunday night and a final communique will be issued today, according to APS, the Algerian news agency, monitored in Paris, Reuter reports.

The aim of the talks was to find a common platform on PLO strategy to clear the way for a session of the Palestine National Council (parliament-in-exile).

The discussions involved Mr Yasser Arafat's mainstream Fatah organisation and two hardline but independent organisations, the PFLP, led by Mr George Habash, and the DFLP, led by Nayef Hawatmeh.

Warning shots fired in West German missile base protest

BY JAMES BUCHAN IN BONN

MORE THAN 100,000 West Germans took part in demonstrations over the Easter holiday to protest against the deployment of U.S. nuclear missiles in the country.

Warning shots were fired by a guard at the U.S. missile base at Mutlangen, in south-west Germany, in the most serious confrontation so far between U.S. servicemen and the West German peace movement.

Three rounds were fired into the air after four demonstrators attempted to cut through the inner perimeter fence to the base, where a first batch of nine Pershing 2 ballistic missiles was stationed last November. The four and some 30 other demonstrators were temporarily held by West German police.

The high turnout in the splendid weather, though lower than last Easter or during the peak of the campaign against deployment last autumn, indicates that the peace movement is still a body of opinion to be reckoned with.

Many demonstrators, notably in the Ruhr industrial area, carried placards protesting against unemployment and for the introduction of a 35-hour week, which looks set to be fought out through strike action by the country's largest union, IG Metall, in May.

Except at Mutlangen, the only serious incidents occurred at Garlstedt, north of Bremen, where police used water cannon and tear gas to clear demonstrators blocking access to a U.S. tank base on Thursday and Friday. At least six people were injured and 160 temporarily held.

Easter eggs roll in Dutch anti-cruise demonstration

BY WALTER ELLIS IN AMSTERDAM

ANTI-CRUISE missile demonstrations in the Netherlands passed off quietly over the Easter weekend. The peace movement's momentum has yet to build and much larger protests are planned for later in the year.

Yesterday, three demonstrators managed to cut their way through the perimeter fence of the Woensdrecht air force base, in the far south of the country, which has been selected as the site for cruise deployment in the Netherlands. But all they did was to roll Easter eggs down a gentle slope watched by several score of their fellows.

The number of Dutch soldiers stationed at Woensdrecht was increased sharply last month following an earlier protest.

A final decision on whether the Netherlands will accept its intended consignment of 48 cruise weapons is not due to be taken until June. The issue remains extremely divisive, and a "No" vote could bring down the 18-month-old centre-right coalition of Christian Democrats and Liberals.

Mr Ed Nijpels, the Liberal leader, heads the only large Dutch party which is wholeheartedly committed to cruise. The Christian Democrats are badly split and most of the opposition is against. But even the Liberals are now starting to feel the pressure and in a weekend interview Mr Nijpels felt obliged to point out that a rumour to the effect that the Netherlands might be able to store its missiles in a neighbouring country in peacetime, was an absolute non-starter.

Mr Nijpels said he was aware that between nine and 14 Christian Democrat MPs were opposed to deployment. They would, however, have to look for some other way out of their dilemma.

The Cabinet, he added, needed to take a decision and take it quickly.

De Lorean juggles with drug and bankruptcy trials

BY LOUISE KEHOE IN SAN FRANCISCO

MR JOHN DE LOREAN'S trial on drug trafficking charges got under way in Los Angles last week, but as prosecutors accused him of "reaching down into the depths of the narcotics underworld" to save his sports car company, Mr De Lorean appeared to have his mind on other matters.

Despite the gravity of the charges against him, Mr De Lorean's immediate concerns were to do with money. Bankruptcy court hearings for De Lorean Motors in Detroit threaten to cut off funds that Mr De Lorean says he needs to pay his high-priced defence lawyers.

De Lorean already owes his lawyers $300,000 (£214,000) and a scheme to sign over his San Diego estate, worth about $2.5m, to pay for their services has been stymied by a bankruptcy court ruling. In Detroit, Mr De Lorean has been accused by the bankruptcy court judge of co-mingling corporate funds (of the De Lorean Motor Company) with his personal funds.

During breaks in the Los Angeles trial Mr De Lorean rushed to phone Detroit and tried to set up a conference call between his lawyers, the judge in Los Angeles and the bankruptcy court judge in Detroit.

Mr De Lorean has been subpoenaed to appear before a Grand Jury in Detroit to answer questions about his company's finances next month. Now the judges in Detroit and Los Angeles must decide which case takes precedence—the bankruptcy or the criminal trial.

For the moment, however, Mr De Lorean is planning to spend the next six to eight weeks at his Los Angeles trial. Opening statements in the trial painted him variously as "a man whose dream turned into a nightmare, a nightmare of failure, drugs, jail and disgrace"—according to the prosecutor—or as a victim of the relentless efforts of a group of bloodthirsty undercover FBI agents who were "out to get him" as his defenders put it.

The jury heard excerpts from recorded telephone conversations between Mr De Lorean and an undercover FBI agent. In the first tape, Mr De Lorean is apparently trying to persuade the agent—who plays the part of a crooked banker—to cancel the deal.

Curiously, in a conversation said to have taken place the following day, Mr De Lorean agrees to provide collateral to finance the purchase of heroin and cocaine.

Mr De Lorean's lawyers have alleged that the undercover agents framed their client and Mr De Lorean alleges that Mr James T. Hoffman, chief prosecution witness and a convicted drugs dealer, threatened the lives of the De Lorean's two children if he backed out of the drug deal.

Warsaw Pact declaration welcomed

By Leslie Colitt in Berlin

HERR Hans Dietrich Genscher, the West German Foreign Minister, yesterday welcomed the "constructive basic tone" of the Warsaw Pact declaration issued in Budapest at the weekend after a meeting of the Alliance's foreign ministers.

Herr Genscher said the Warsaw Pact had explicitly picked up a signal given last December by Nato's declaration in Brussels. He said that the Budapest communiqué's view that all problems could be solved by negotiations was shared by the Bonn Government, as was the Pact statement that "no chance should remain untested in order to return to the path of negotiations."

The Warsaw Pact declaration also called for an end to the deployment of medium range U.S. missiles in Western Europe. But this demand, followed a number of conciliatory sounding offers in the Budapest communiqué. The foreign ministers said they were convinced there was no issue which "could not be solved by negotiations."

● Italian Foreign Minister Mr Giulio Andreotti held talks in Moscow with Mr Andrei Gromyko, the Soviet Foreign Minister, yesterday.

SOLDIERS PARADE IN BRASILIA

Brazil deadlock over direct elections

BY ANDREW WHITLEY IN RIO DE JANEIRO

ON THE EVE of tomorrow's crucial vote in Congress to restore direct general elections to Brazil this year, the prospect of either a negotiated solution to th epresent political impasse or the threat of a military crackdown both hung in the air.

A rare military parade soldiers of the Regional Command was held last night, implicitly backing up a warning to the Left when the premises of two Communist weeklies were attacked on Sunday.

Last week President Joao Figueiredo warned politicians of "the dangers of another 1964," referring to the political turmoil which led to the military coup d'etat that year.

Meanwhile, a small group of influential state governors from both sides of the political divide have come forward with a new compromise proposal which could form a credible basis for negotiation.

This would give the next president, due to take over in March, an interim mandate of two years. He would be in charge of organising direct elections in 1986.

The five state governors, who met over the weekend in the historic city of Ouro Verde in Minas Gerais state, were Srs Franco, Montoro, Tancredo Neves and Jose Richa from the opposition Partido do Movimento Democratico Brasiliero, and Sr Roberto Magalhaes and Sr Espiridiao Amin of the officially-backed Partido Democratico Social.

Their initiative stands a reasonable chance of success. But it is unlikely to be welcomed openly by either the Pro-Direct Elections umbrella organisation, responsible for the opposition's concerted campaign of the past three months, or by the hardliners around President Figueiredo.

General Octavio Medeiros, the national intelligence chief, perhaps the most influential voice in the presidency, said over the weekend that the minimum presidential mandate should be five years, with no direct elections in Brazil before 1989.

This conflicts openly with the Government's proposed constitutional amendment, sent to Congress last week,

IMF set to review Chile plan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE International Monetary Fund has told Chile's commercial bank creditors that it will consider this year's economic programme for formal approval once they have committed the bulk of the $780m (£550m) loan Chile is seeking to cover its balance of payments deficit this year.

Consideration of the programme by the IMF's executive board was postponed earlier this month following the resignation of Sr Carlos Caceres as Finance Minister. Executive board approval of the programme is needed for Chile to make further drawings on the $875m loan facility agreed last year.

In a telex to the banks Mr William Dale, deputy managing director of the IMF now says, however, that Sr Luis Escobar, the new Economy Minister, has confirmed his commitment to the measures set out in this year's letter of intent to the IMF.

Bankers now hope that the IMF will formally approve Chile's programme early next month. Creditor banks have been asked to reply to Chile's loan request by April 27, and it is understood that the loan has to be 90 per cent covered before the programme goes to the IMF board.

● Approval of Peru's IMF programme has also been delayed by the resignation of Sr Carlos Rodriguez-Pastor as Finance Minister. The IMF has said it will consider the programme, but it is waiting for Peru to start implementing the measures it contains before submitting it to the Executive Board.

Argentine trial to hear publisher

Sr Jacobo Timerman, a former newspaper publisher, said yesterday he would testify before the supreme military tribunal this week in the human rights case against Argentina's former military leaders, Reuter reports from Buenos Aires.

Sr Timerman was held for more than two years, between 1977 and 1979, by Argentina's military government without being formally charged. In a book he wrote about the experience, Sr Timerman told of torture he suffered in prison and implicated high-ranking military officials.

Bechtel denies bribe allegation

BECHTEL, the U.S. construction company, denied yesterday allegations that it had paid large amounts to South Korean officials between 1978 and 1980 to win nuclear plant contracts, Reuter reports from Seoul.

Mr John Robb, vice-president of Bechtel International based in Seoul, described the allegations as extremely serious.

"Bechtel's policy regarding ethical business conduct is very clear and prohibits any illegal payments to anyone. This policy is vigorously and strictly enforced," he said

Stewart Fleming adds from Washington: The U.S. Justice Department is believed to be investigating allegations that a Bechtel employee bribed South Korean officials between 1978 and 1980, possibly violating the foreign corrupt practices Act. The allegations were made by the West Coast magazine "Mother Jones"

Justice Department officials denied that the actions of either Mr George Shultz, Secretary of State, or Mr Caspar Weinberger, Secretary of Defence, were part of the investigation. Both Mr Shultz and Mr Weinberger were employees of Bechtel at the time

The published reports making the allegations against Bechtel contained no suggestions that either Mr Shultz or Mr Weinberger knew about the alleged violations of U.S. law.

WORLD TRADE NEWS

Three new European satellites planned

By Peter Marsh

EUTELSAT, the international organisation that operates communications satellites for Western Europe, is to invite tenders for a new series of space vehicles.

The Paris-based body which administers satellites on behalf of state-owned telecommunications agencies, will issue a formal request for the new hardware by the end of the year.

Eutelsat wants three more satellites costing about $200m to be built to supplement the five space vehicles which it has already ordered.

British Aerospace is building the first five satellites, called the ECS series. One is already in orbit, with a second due to enter space in August aboard Western Europe's Ariane rocket. Two more will take up position in the heavens by 1988, while the remaining vehicle will act as a spare.

The new vehicles, to be called the ECS-A generation, will replace the satellites in the current series after they have worn out. The ECS-A craft will have a higher capacity.

They will channel TV and telecommunications signals using up to 16 transponders—devices that receive and re-transmit radio waves—compared with nine on the current craft.

Eutelsat says it will place contracts for the new satellites next year.

Howe optimism on Korea trade

SIR GEOFFREY HOWE, the UK Foreign Secretary, yesterday stressed the importance of expanded trade links with South Korea during his four-day visit to the country, Ann Charters writes from Seoul.

He is understood to have told South Korea that the UK would like imports of six products liberalised, including whisky, gin and high quality clothing.

Sir Geoffrey said he had emphasised the expansion of joint ventures between British and Korean companies in their own countries and in third nations. He was optimistic that the imbalance in bilateral trade, worth $1.5bn last year but running two to one in South Korea's favour, would be corrected.

Strong rise in Italian machine tool orders

By James Buxton in Rome

FOREIGN orders for Italian machine tools rose almost 79 per cent in the first quarter of this year compared with the same period of 1983. The rise confirms the trend in orders which began with the last quarter of 1983.

No figures for the size of the export orders were given by Ucimu, the Italian machine tool makers' association. Last year Italy exported L856bn (£372m) worth of machine tools, against imports of L250bn. It is the fourth largest machine tool exporter, after Japan, West Germany and the U.S.

Though gratified by the evidence of the upturn which the figures show, Ucimu points out that in real terms foreign orders are still running 25 per cent below their 1980 level.

Domestic orders for the industry were up by 49 per cent in the first quarter, making a total rise in the industry's orders of 61 per cent. The rise in domestic orders is partly due to a law temporarily favouring companies which invest in new machine tools.

• EXPORTS of Scotch whisky to Italy, worth about £50m last year, have received an important boost with the Rome government's decision to cut the rate of value added tax on spirits. Vat on whisky, gin and other imported spirits has been cut from 38 to 30 per cent, and will go down to 20 per cent on January 1 1986. This final cut will bring it into line with Italian-made brandy and other spirits.

The Italian government lowered the tax in response to a European Court judgment which ruled that the differential in Vat rates discriminated against imports. Under the same judgment, Mr Nigel Lawson, the British Chancellor, lowered the duty on wine and raised it on beer in his March budget.

The government's move has aroused protests from Italian wine producers. The Government has also raised the Vat rate on sparkling wine from 20 to 30 per cent and will lift it to 38 per cent in January 1986, bringing it into line with French Champagne.

UK benefits from Peking coal plans

BY MAURICE SAMUELSON

THE Chinese Government has told British Companies it wants them to establish jointly owned factories to make sophisticated coal mining equipment and other machinery for use in its expanding coal industry.

Gao Yangwen, China's Coal Industry Minister, last week led a group of officials on a 12-day visit to London during which they signed a string of agreements with Shell, the National Coal Board and UK mining equipment suppliers.

Shell agreed to conduct a feasibility study on the development of the Jining No. 2 mine at Yanzhou in Shandong province, which is expected to cost $300m. If the mine is developed, Shell will purchase half of its 4m tonnes a year output.

The National Coal Board was invited to study the extension and reconstruction of a mine in the Kailuan mining complex in Hebei province, north-east of Peking. Although concentrating initially on one mine, the agreement anticipates co-operation elsewhere in the complex, output from which is to be raised from 20m tonnes a year to 35m tonnes. This extension could open further export opportunities for UK private manufacturers.

Chinese officials also discussed joint production in China of British-designed roof supports and coal shearers. It already has outline agreements with Anderson Strathclyde, British Jeffery Diamonds, and Gullick Dobson. Dowty Mining Internation is also expected to agree to joint production of roof supports in China.

The Chinese had discussions about coal gasification with a number of UK concerns, including the British Gas Corporation, Davy McKee, Humphries and Glasgow and Babcock International. These companies will shortly start to test samples of Chinese coal.

Gao, who was in London as a guest of Mr Peter Walker, the Energy Secretary, said that as part of his country's programme for doubling coal output to 1.2bn tonnes a year by the end of the century, it was now spending several hundred million dollars a year on imported equipment.

To save foreign currency China prefers to establish joint manufacturing units. "Our market is immense and the prospects are bright," Gao said. He added that British equipment compared well with Japanese, West German and American products, but that it could be "much more competitively priced."

U.S. and China in electronics joint venture

BY PAUL TAYLOR IN NEW YORK

HEWLETT-Packard (HP), the U.S. computer and electronics products group, plans to set up a joint venture company with the China Electronics Import and Export Corp (CEIEC) to sell and support HP products in China and manufacture some computer and electronic instrumentation equipment.

The new company, called China-Hewlett-Packard will be a 50/50 joint venture. Final agreement on the joint venture is subject to U.S. and Chinese government approval. CEIEC is a Peking-based foreign trade organisation within the Chinese government's Ministry of Electronics Industry.

Under the terms of the agreement, HP will set up a headquarters for the new company in Peking with a factory to follow. The joint venture will initially manufacture selected products from HP's current line of computers and electronic instruments, to be sold primarily in China. Development of future products by the concern is also planned.

Mr John Young, president and chief executive of the U.S. company which had sales last year of $4.7bn (£3.4bn), said: "Our company has been developing a long-term business relationship with China since the early 1970s. We are very supportive of the development of the electronics industry in China and believe this joint venture agreement can make a contribution in terms of both technological capability and management techniques."

John Davies adds from Frankfurt: A West German brewery is planning to produce beer in China in a DM 50m (£13m) joint venture with the Chinese. Paulaner-Salvator-Thomasbräu, a major brewer in Munich, envisages a plant to brew 300,000 hectolitres of beer a year—half for consumption in China and half for export via Hong Kong.

A final contract with the Shen Zhen Foodstuff and Beverage Industrial Corporation is expected in a few months. Production would start up in about two years on a site in the Shen Zhen economic zone close to Hong Kong.

TOSHIBA of Japan has reached agreement with the U.S. company Motorola to produce special integrated circuit chips used as key components for AM (amplitude modulation) stereo broadcasting receivers, AP-DJ reports from Tokyo. Motorola will provide Toshiba with technical data on its patented IC chip, while Toshiba will produce and market the chips worldwide under its own brand. AM programmes are currently broadcast only in the U.S. and mainly received on car radios, but Toshiba expects increasing interest in the system because it can transmit over longer distances than FM stereo.

Japanese-Saudi venture wins UAE bridge deal

BY KATHY EVANS IN DUBAI

A SAUDI-JAPANESE joint-venture has won the contract to build an eight-mile long bridge linking Abu Dhabi city with Saadiyat Island. The joint venture is composed of the Bin Ladin Organisation, based in Jeddah, and Shimizu Construction of Japan.

The group won the contract against bids from consortia from Germany, Sweden, South Korea and France. The winning bid came in two forms. The first price of $289.8m was based on no advance payment during construction being provided by the Abu Dhabi Planning Department. The second, lower price of $287.1m, assumed an advance payment of 5 per cent.

In the heyday of construction in the Gulf region, advance payments of 25 per cent were normal. Now, international and local companies are deemed hungry for work

Their withdrawal has made many international contractors hesitant to bid for major contracts in Abu Dhabi. A spokesman for the Bin Ladin group commented: "Only certain contractors can bear the financial burden of not having an advance payment."

Missile attack fails to lift Gulf tanker rates

FINANCIAL TIMES REPORTER

GULF tanker rates have remained stable following the latest missile attack on a tanker, but a number of deals are being concluded privately.

Of those fixings reported in the Gulf area, Shell concluded one for a 396,000 ton ship to Southeast Asia at Worldscale 27, and another for a 240,000 ton tanker to the UK at the same rate. On smaller ships, a 120,000 ton vessel was fixed for Rotterdam at Worldscale 42.5.

Galbraith's believes some 35 large tankers are in position in the Gulf so it is difficult to envisage any strong upward rate movement.

The most active region has been the Mediterranean where 30 or more deals were done last week. Exxon paid Worldscale 67.5 to move 80,000 tons across the Mediterranean and Golden Eagle took a 75,000-ton tanker with a 58,000-ton cargo from Arzew to Quebec at Worldscale 55.

In the bulk trades, the larger tonnage continues to get the best rates, but smaller bulkers are slowly improving. The main grain trades have been conspicuous by their absence with no Gulf-Europe or Japan fixtures reported.

Time charter activity has also been in the big sizes though the Russians are said to be looking for early charters in the Atlantic.

High losses forecast on West German export credit cover

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY is expecting a deficit of about DM 1bn (£266m) a year in its export credit insurance scheme for the next four years. The scheme notched up a deficit of DM 730m last year, as exporters sought compensation after failing to get payments from abroad.

Although that shortfall was less than feared, it was a sharp turnaround from the surplus of DM 34m made in 1982. More than half the compensation paid last year covered business with Poland and a quarter business with Nigeria.

West Germany's export credit insurance scheme is operated on behalf of the Bonn Government through a company, Hermes, which is largely owned by Munich Re-Insurance and the closely related Allianz Insurance. It normally covers just under 10 per cent of West Germany's exports, mainly to developing countries.

Although details of last year's performance have not yet been published, officials disclosed that the bulk of compensation to exporters amounted to DM 1.4bn for payments they failed to receive because of "political factors," including currency difficulties.

Pressure on Hermes' finances was worse because the money brought in by way of premiums from exporters totalled only DM 569m, about 15 per cent less than in 1982. The net deficit of DM 730m is regarded as relatively favourable however, as officials had feared a deficit of DM 1bn or more. Nevertheless it will place a burden on the Federal Government's finances at a time when it is trying to reduce borrowing.

In the coming years, Hermes is likely to suffer the impact of the debt problems in Brazil and Mexico. The federal Government recently raised fees for Hermes insurance cover by an average of 40 per cent to try to help meet the larger deficits. The increase was due to come into effect last October but exporters won a reprieve of six months.

Hermes' financial problems are viewed with mixed feelings in West Germany. There are strong views that export credit insurance should operate according to free market principles, rather than be subsidised, but some exporters argue that the scheme should be seen in the long term, as Hermes has made profits for the Government for about 30 years. They also argue that the deficits may be offset by the eventual recovery of outstanding debts from abroad.

WORLD ECONOMIC INDICATORS

UNEMPLOYMENT

		Mar. '84	Feb. '84	Jan. '84	Mar. '83
UK	000s	3,143	3,186	3,200	3,172
	%	13.2	13.4	13.4	13.6
U.S.	000s	8,772	8,801	9,026	11,419
	%	7.8	7.8	8.0	10.3
		Feb. '84	Jan. '84	Dec. '83	Feb. '83
W. Germany	000s	2,537	2,539	2,349	2,536
	%	9.4	9.4	8.1	9.6
France	000s	2,258	2,252	2,227	2,080
	%	9.9	9.9	9.8	9.2
Netherlands	000s	857	863	856	779
	%	15.3	15.4	15.3	14.5
Italy	000s	2,972	2,960	2,830	2,702
	%	13.1	13.1	12.5	12.0
Belgium	000s	589	602	606	574
	%	14.4	14.7	14.8	14.1
		Jan. '84	Dec. '83	Nov. '83	Jan. '83
Japan	000s	1,485	1,430	1,520	1,600
	%	2.7	2.6	2.6	2.8

Source (except U.S., U.K., Japan): Eurostat

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

May 1-3
All Electronics ECIF Show (0799 26699) **Barbican**

May 1-3
Fibre Optics Exhibition and Conference (0799 26699) **Whitbread Portern Tun Rooms**

May 1-3
International Air Cargo Exhibition and Conference (St Albans (0727) 68633) **Manchester**

May 2-Oct 21
International Garden Festival (051-236 6090) **Liverpool**

May 9-11
Southern Aids for the Disabled Exhibition and Conference (Tunbridge Wells (0892) 44027) **Brighton**

May 13-15
British Craft Trade Fair (0282 65912) **Harrogate**

May 15-17
Micrographics '84 Exhibition and Conferences (Godalming (04868) 6653) **Bloomsbury Crest Hotel, WC1**

May 15-17
DEC User Show (01-837 3699) **Cunard International Hotel, W6**

May 20-23
Business to Business Exhibition (01-729 0677) **Barbican**

May 21-25
International Fire Safety Conference and Exhibition (01-248 4477) **NEC, Birmingham**

May 22-24
Riba computer exhibition and conference (01-637 8991) **Bloomsbury Crest Hotel**

May 22-25
Chelsea Flower Show (01-834 4333) **Royal Hospital, SW3**

May 29-June 1
International Wine and Spirit Trade Fair (01-940 6065) **Olympia**

OVERSEAS TRADE FAIRS

April 24-27
Food and Hotel Asia (01-486 1951) **Singapore**

April 30-May 4
Direct Marketing Symposium and Exhibition (01/69 48 20) **Montreux**

May 5-9
Systems Components and Materials for Industrialised Building Sector Exhibition (01-486 1951) **Milan**

May 10-13
Asian Automotive and Accessories Exhibition (Guildford (0483) 38085) **Singapore**

May 10-16
International Packaging Exhibition and Display of Confectionery Machinery — INTERPACK (01-493 3893) **Dusseldorf**

May 20-27
International Aerospace Exhibition (01-651 2191) **Hanover**

May 22-25
Asian International Electronic Communications Exhibition and Conference — COMMUNICASIA (01-486 1951) **Singapore**

June 4-7
Gas Turbine Exhibition and Conference (Georgia 30341) **Amsterdam**

June 4-7
Robots 8 Exposition and Conference) ((313) 271-1080 **Detroit**

BUSINESS CONFERENCES

April 25-27
Insig: Banks and computers (1) 763.07.24 **Paris**

April 26-28
Progress Foundation / IMF: Money—a search for common ground ((091) 68 92 69) **Lugano, Switzerland**

May 3
Institute of Directors: New legislative threats to directors (01-388 1811) **Café Royal, W1**

May 3-4
FT/The Banker: World gold conference (01-621 1355) **Hong Kong**

May 9
Longman Seminars: The electronic banking revolution—legal and security problems (01-242 2548) **Barbican**

May 10
IWP: Electronic mail in practice (01-242 8697) **Cavendish Conference Centre**

May 11
Longman Seminars: The Lloyd's Act (01-242 2548) **Barbican**

May 13-14
Meed: Law and business in the UAE (01-404 5513) **Abu Dhabi**

May 15
Business Briefings; Acting for Lloyd's underwriters, taxation planning and advice (01-381 1284) **Waldorf Hotel, WC2**

May 16
Institute of Marketing: Marketing for profit (Bourne End (06285) 24922) **Royal Lancaster Hotel, W2**

May 16
Institution of Taxation: Finance Bill 1984 (01-235 8847) **InterContinental Hotel, W1**

May 16
Longman Seminars/International Media Law: the media and the law (01-242 2548) **Barbican**

May 22
International Reports/FT: Sovereign debt and the banks ((212) 477 0003) **New York**

May 22
ESC: USM, listing or private placing? (Uppingham (0572) 822711) **Piccadilly Hotel, W1**

May 22-24
Royal Institute of Navigation: Global civil satellite navigation systems (01-589 5021) **Novotel, W6**

May 23-24
FT Conference: Sitey—World FT motor conference (01-621 1355) **Geneva**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK NEWS

Tories face an all-party attack over Libya affair

BY MARGARET VAN HATTEM

THE BRITISH Government will come under pressure from all sides of parliament, when sittings resume tomorrow, to explain why the Libyan People's Bureau was permitted to function as an embassy, particularly after Libyan "students" took control of it in February.

It can also expect strong attacks from Conservative right wingers who are outraged that the killers of Woman Police Constable Yvonne Fletcher are to go free.

This follows Monday's decision to break off diplomatic links with Libya, to expel from Britain by next Sunday the estimated 20 to 30 Libyans still inside the besieged bureau, and to withdraw all British diplomats from Libya by the same date.

Libyan spokesmen inside the bureau confirmed yesterday that they were making arrangements to leave, but they said they did not intend to do so until a few hours before their deadline next Sunday.

Italy is expected to take over the role of representing British interests in Libya. Italian Foreign Ministry officials yesterday confirmed reports of British approaches on the matter, still unconfirmed by the British Foreign Office, and promised a statement if agreement was reached between the three countries.

Libya, meanwhile, has assured the estimated 8,000 Britons living there that they will be safe. A strongly-worded communiqué issued by the Foreign Liaison Bureau (Foreign Ministry) on Sunday accused the British Government of encouraging attempts by Middle Eastern groups to storm the People's Bureau in St James Square on April 17, in order to create a pretext for severing relations "in obedience to Zionist and American pressure."

But the communiqué added that while it condemned the British Government, it had no quarrel with the British people, particularly those living in Libya, who could be assured of security and protection.

Mr Leon Brittan, the Home Secretary, confirmed after Monday's decision that Britain would honour the Vienna Convention on diplomatic immunity, and said the diplomatic bags brought out of the bureau would not be opened.

Union plans 'no-strikes offer'

BY OUR INDUSTRIAL EDITOR

ONE OF Britain's major trade unions will shortly present a strategy to offer employers agreements which all but rule out industrial disruption.

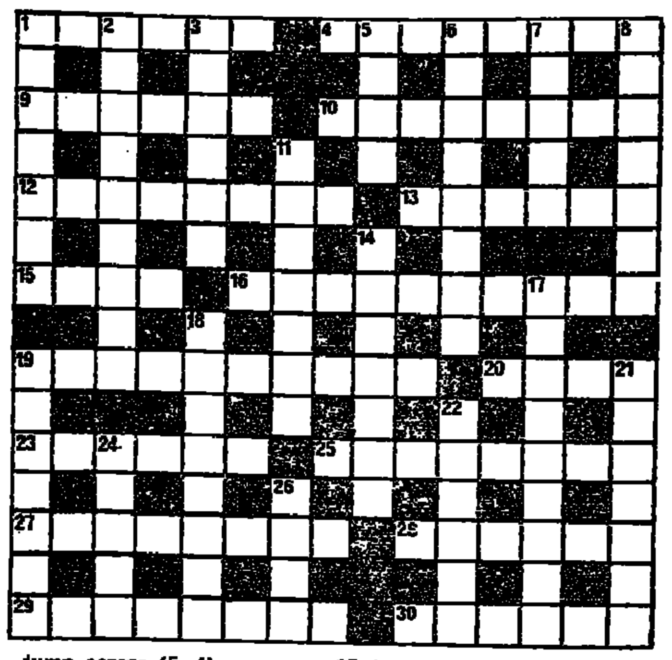
The Electrical, Electronic, Telecommunications and Plumbing Union, which has 380,000 members, sees "no disruption" agreements of the type it has pioneered at Toshiba at Plymouth, Sanyo at Lowestoft and Inmos in South Wales, as the core of a new strategy "for union organisation for the 21st century."

The union is to make an initial push in Scotland where a large number of electronics companies have set up or expanded plants usually without unions.

It is to send to 200 high technology companies a video of a conversation between the managing director of Toshiba Plymouth and Mr Roy Sanderson, the union's national officer who has pioneered the agreements.

The message of the video will be that unionisation of workers by the union alone benefits both workers and management.

F.T. CROSSWORD PUZZLE No. 5,399



ACROSS

1 She plays a Shakespearian part for the network (6)
4 To reverse excessively in a dance is silly (8)
9 The boss gets one to ring the work-room (6)
10 Supporter has backing of fifty down below (8)
12 I acted in variety show (8)
13 Country writer (6)
15 Travel around in droves (4)
16 Absconder gives advice on economy air travel (3-2-5)
19 The shooting of an unknown person? (6, 4)
20 Hit back gamely (4)
23 Politician caught in cunning habit of a nun (6)
25 Announced a number have cleared out (8)
27 Model may be a girl in love (8)
28 Get rid of a spindle, perhaps, that hasn't a central point (6)
29 Dunces move fast when the principal comes in (3-5)
30 Guest who finishes the course? (6)

DOWN

1 Dismiss someone taking money (7)
2 Legally under constraint to jump across (5, 4)
3 Show girl goes round in 100 (6)
5 Instrument has nothing in order (4)
6 Learnt to become easy-going (8)
7 Article I have written about statesman (5)
8 Clothing grant that's new, put me in for it (7)
11 A permit held by the sportsman (7)
14 She is in a bad environment and looking shamefaced (7)
17 A mundane subject (9)
18 The worst type of underground heating (4-4)
19 Short of shot-guns (4-3)
21 Not a straight musician? (7)
22 Record turnover is not commonly a cause of it (6)
24 Possibly omits when wet (5)
26 A bit of a wag, even a joker maybe (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

UK NEWS

TUC advocates legal safeguard for investors

BY OUR FINANCIAL STAFF

THE TRADES Union Congress (TUC) calls today for the establishment of a new statutory commission to protect the interests of investors and ensure effective control over City of London institutions.

In one of the first published responses to the recent report on investor protection by Professor Jim Gower, the TUC argues that the system of self-regulation suggested in the report would be "ineffective and unworkable."

Comments on the report, which was commissioned by the Department of Trade and Industry, have to be submitted by April 30. Although no-one in the City of London is likely to go as far as the TUC in its criticism, the report has drawn a decidely mixed response from the financial community.

Among the organisations expected to deliver their verdict in the next few days are the National Association of Pension Funds (NAPF) and the Council for the Securities Industry (CSI).

Meanwhile, the Accepting Houses Committee, the merchant banks' trade association, has agreed to explore the idea of joining a self-regulatory body formed by the British Bankers Association, along the lines proposed by Prof Gower.

In its comments, the TUC says that a new Investor Protection Act is needed to safeguard individuals and institutions from fraud and mismanagement. However, it believes that the legislation favoured by Prof Gower would only partly protect investors, and that a statutory commission is needed to enforce regulation.

The Commission would be charged with overseeing the Investor Protection Act and with supervising, other statutory and non-statutory controls on the investment industry, and should be accountable to parliament.

The TUC further calls for compulsory registration of investment businesses, with failure to comply being made a criminal offence.

Turning to pension scheme management, the submission argues that the degree of self-regulation envisaged in the Gower report would be inadequate. Authority should instead be vested in the Occupational Pensions Board. This would set minimum standards for both funding and investment policy.

The TUC also urges the introduction of statutory registration of life assurance brokers, and the establishment of a system of fixed commissions to protect investors.

In contrast to the TUC, the NAPF is thought to be in broad agreement with the main points put forward by Prof Gower.

The report, published in January, recommended that the Department of Trade and Industry should have wide powers to supervise a number of new self-regulatory agencies. These in turn would be responsible for the day to day supervision of their members.

NAPF members argue that managers of pension funds run by companies should be required to register under the proposed legislation.

NEI signs robot sales deal with Komatsu

By John Griffiths

KOMATSU, the Japanese industrial group best known for its heavy construction equipment, is widening its activities in the UK and the rest of Europe through a welding robot supply agreement with the British company Northern Engineering Industries (NEI).

NEI's subsidiary specialising in heavy equipment, Northern Engineering Industries Thompson, has signed an agreement with Komatsu under which it will sell the robots in Europe under the name of Thompson-Komatsu, reports from Japan said yesterday.

No NEI spokesman was available for comment but the Japanese reports said that it was expected to sell about 50 robots a year under the agreement, which lasts five years.

Komatsu has come to public attention in the UK as a result of the impact it has made in the construction equipment field, which has been suffering both from a deep and prolonged recession, and a concerted attack on the market by Japanese manufacturers.

Komatsu is one of five Japanese makers of such equipment which between them have captured a quarter of the UK market for construction equipment in less than six years.

NEI is primarily a manufacturer of electrical and mechanical equipment, operating internationally with turnover last year of £871m ($1.25bn).

Trials the people cannot judge

IF ESPIONAGE and counter-espionage are endemic in modern Britain, criminal justice and spies are not easy bedfellows. The criminal trial in Britain is the quintessence of openness, while spying thrives on secrecy which for both the spy and the spied-on, may survive even the process of detection and prosecution.

Over the years a number of spies have faced criminal prosecution in the ordinary courts of law. From Klaus Fuchs and Alan Nunn May in the late 1940s to George Blake in 1962 and Geoffrey Prime in 1982, the criminal process has been applied with only a minimal interference with the accepted standards of criminal justice. Parliament, when passing section 1 of the Official Secrets Act 1911 and making spying a criminal offence punishable with a maximum penalty of 14 years' imprisonment, said nothing to indicate that those prosecuted would be subjected to any different mode of trial from others charged with criminal offences.

In those cases a part only of the proceedings were conducted behind closed doors, but there had been no limitation on the rights of the defence to conduct its case uninhibited by the exigencies of national security.

This may have been due to the fact that the defendants once unmasked had no more secrets to reveal, and presented no further use to those countries for which they spied. Had Messrs Philby, Maclean and Burgess not escaped the long arm of the law for their traitorous conduct the problems of putting them on trial might have been exposed earlier. Others, like Anthony Blunt, were able to buy immunity from prosecution by offering to reveal secrets that assisted the security services.

By all the accounts that filtered through from the cloistered hearing at the Old Bailey during the recent trial of Michael Bettaney, there was an unprecedented blanket over nearly the whole of the proceedings. The Crown restricted the material that ordinarily would have been adduced in evidence, and the defence was hamstrung in the amount of documentation that it sought to have sight of and was not allowed to cross-examine on matters that touched the nerve centre of highly secret matters.

Whatever the effect this may have had on the propriety of the conviction of Mr Bettaney, no one in the public, save the 12 jurors who are in any event sworn to eternal secrecy irrespective of the nature of the offences they had to record their verdict on, is in any position to pass judgment. Justice may have been done. It was by no stretch of the imagination seen to be done.

Is it really necessary that the blanket which is drawn over the operations of the security forces – even to the extent of denying some information to the Attorney-General and other Ministers of the Crown – should spill over to the trial process? Clearly the authorities saw no reason why the veil of secrecy should have been lifted, simply because the forum is unchanged from the concealed corridors of the secret services to the open courtroom of the Central Criminal Court.

If that is so – and there is little to gainsay its logic – the fundamental principle that everyone without exception charged with a criminal offence is unequivocally entitled to a fair hearing before an independent and impartial tribunal in public, had to be abandoned. If the principle cannot prevail, then Parliament must sanction something less open whenever someone faces a charge of spying.

At least if secrecy must prevail for the conviction there must be some method of revealing the extent of the offencer's criminal responsibility so that the public can judge the appropriateness of the sentence. How do we judge whether the Lord Chief Justice was right to impose a total sentence on Mr Bettaney of 23 years? On 10 counts in the indictment Lord Lane passed sentences of 11 years imprisonment, consecutive with another 11 years, plus a further one year. When in 1946 Lord Goddard passed sentence on Klaus Fuchs of 14 years' imprisonment on five separate charges of spying – Fuchs gave information to the Soviet Union about atomic bomb manufacture at Los Alamos – he made all the sentences to run concurrently.

Lord Goddard adhered faithfully to the principle that when someone has been convicted of more than one offence, the judge ought not to pass consecutive sentences when the offences arise out of the same transaction or series of transactions, and ought in any event never exceed the maximum prescribed by Parliament for the same offence.

That principle went by the board in 1962 when Lord Parker trebled up the maximum penalty on George Blake to impose 42 years' imprisonment. George Blake relieved the rest of us of the charge of inhumanity by escaping less than four years after his sentence and remaining uncaptured.

Particular types of punishment may be objectionable, not because they are unjust or undeserved, but because they are inhumane.

It might be suggested that multiple sentences on spies which far exceed the maximum penalty laid down by Parliament are acceptable according to contemporary standards, but it is not inconceivable that they will be regarded as unacceptable according to the standards of some future generation. The trouble about the sentence inflicted on Mr Bettaney is that it is not susceptible to public judgment as to its justness, deservedness or humanity, without a great deal more information than has been made available to other than the handful of people who knew the whole of the case against him.

Justinian

Maxwell in bid for Observer

BY RAY MAUGHAN

MR ROBERT MAXWELL, chairman and majority shareholder of British Printing & Communications Corporation, will launch a "strongly financially orientated" evening newspaper in the London region this autumn if he wins agreement to buy the Observer newspaper from Lonrho, the Pan-African trading group run by Roland "Tiny" Rowland.

Mr Rowland is due to meet Mr Maxwell for breakfast tomorrow at Claridges – the London hotel which ironically was the place where Lonrho agreed to buy the Observer from Mr Robert Anderson, chairman of Atlantic Richfield, three years ago.

Lonrho is contemplating the sale of one of Britain's leading Sunday newspapers after a disagreement which stemmed from recent coverage by the Observer's editor, Mr Donald Trelford, of alleged atrocities by Zimbabwean troops in the Matabeleland region of that country.

Lonrho has major business interests throughout Africa and maintains close contacts with Mr Robert Mugabe, Zimbabwe's Prime Minister. Mr Rowland has already indicated that he will sell the newspaper to Mr Maxwell's privately-owned Pergamon Press if Mr Maxwell offers the "right price."

Mr Maxwell indicated yesterday that he was willing to pay "the right price" although the precise terms were not disclosed.

The Observer is understood to be losing more than £1m a year, but Mr Maxwell proposes to restore profitability by bringing forward by one year his plans to launch a London evening newspaper.

Oil search turns to North Sea frontiers

By Dominic Lawson

THE GOVERNMENT'S decision to concentrate on frontier areas in the forthcoming ninth round of oil and gas licences has led to a flurry of exploration activity in some of the deepest and most hostile waters in the UK Continental Shelf.

These exploration wells are designed to gain much-needed information about the geology of the frontier areas – particularly west of Shetland – before the Department of Energy gives precise details of the blocks to be available for bidding in about one month's time.

Britoil is at present drilling a well on a west of Shetland block which it was awarded by the last Labour Government between the fifth and sixth rounds of North Sea licences.

Nearby, Esso has started drilling in 2,150 ft of water. When it started to drill, this well was the deepest one in UK waters. But two weeks ago Conoco began drilling a well in 2,200 ft of water. The Conoco well, 380 miles north east of Aberdeen, is also the most northerly well drilled on the UK Continental Shelf.

Conoco caused a stir at the beginning of last month when it said that the area had the potential to contain an oilfield of 1bn recoverable barrels – bigger than all but three of the developed North Sea oilfields.

Last week the British Gas Corporation announced that it was to drill in 2,000 ft of water off Northwest Shetland. "This well is expected to provide futher information on the geology of areas likely to become available in the ninth UK licensing round," it said.

These deep water wells will take at least four months to drill, and are likely to cost in the region of £10m each. Should drilling lead to oil or gas discoveries it will remain a closely guarded secret. It would not become public knowledge until after the ninth round closes at the beginning of next year.

● The 128 employees of the British National Oil Corporation (BNOC) were last year on average each responsible for turnover of £61.8m on the basis of BNOC's annual results. The company announced pre-tax profits of £800,000 on turnover of over £7.9bn.

The period was the first full year in which the state oil purchaser and trader operated as a separate entity, after the hiving-off of its production arm in the form of Britoil.

Last year the corporation marketed 1.3m barrels of crude a day, a 10 per cent increase over the previous year, and representing 56 per cent of total UK North Sea production.

However, most of BNOC's crude purchases are purely paper transactions. They are immediately sold back to the producers at the same price and so BNOC's capacity to make profits is strictly limited.

Banks count the cost of Lawson tax blow

BY DAVID LASCELLES, BANKING CORRESPONDENT

BRITAIN'S BIG banks will be revealing over the next few days just how much the ending of capital allowances will cost them in unforeseen taxes. The ending of the allowances was announced last month by Mr Nigel Lawson, Chancellor of the Exchequer, in his budget.

Barclays and Midland banks hold their annual meetings tomorrow. NatWest's is on May 1 and Lloyds on May 3.

Analysts have already estimated the figure at about £1.7bn – which is exactly what the four banks earned pre-tax last year. About a third of this is accounted for by NatWest, the bank with the largest liability and the only one yet to have made its own estimates public.

The budget changes will force banks to pay tax on income from their leasing business which they previously expected to be able to defer indefinitely through new capital allowances. The banks had set aside only enough to cover 25 per cent of their liability if these allowances were ever abolished. The question now is how much of the remaining 75 per cent they will actually have to pay, and how they will pay it.

The banks have already agreed – with some prodding from the Bank of England – on a common approach: to make a once for all, full provision rather than stringing it out over several years. This means that they will have to dig deep into their reserves which could be painful, but preferable to spun-out uncertainty. It also conforms to the letter of UK accounting standards.

	Unprovided liability (£m)	1983 pre-tax profits (£m)
Barclays	488	557
NatWest	570	503
Midland	254	225
Lloyds	367	419
Total	1,679	1,704

Source: Rowe & Pitman. Estimates assume full liability based on a 1986-87 tax rate of 35 per cent.

Banks will actually make the provision by shuffling around their balance sheet: they will transfer funds from reserves into "provision for deferred taxation," another balance sheet item. Then as the tax falls due this provision will be used up.

This will not hit bank profitability because the transfer takes place "below the line." But it will weaken balance sheets. Whether it will actually force any of the big four to go to their shareholders for more equity is a moot point.

The Bank of England has indicated that it will look with an understanding eye, so there need not be pressure from that front. Three of the banks, Barclays, Lloyds and NatWest, probably have strong enough balance sheets to get by. The uncertain case is Midland where capital ratios will be reduced to the utter minimum if it makes the expected provision, coming as this does on top of its severe problems with Crocker National Bank, its Californian subsidiary. This has sparked doubts about Midland's dividend.

Less clear is exactly how much the banks will have to set aside. NatWest has already told shareholders that it expects to have to pay only about 60 per cent of its total liability. This is because the corporation tax rate will have fallen to 35 per cent from 52 per cent by the time the tax liability crystallises in three or four years' time.

Another unknown is how much new leasing business the banks will be able to drum up in the years ahead. Even though they will no longer get the 100 per cent first year capital allowances, they will still get a 25 per cent a year reducing balance allowance – so leasing's tax benefits will not disappear altogether.

There is a boom in leasing at the moment as lessors and lessees rush to beat the phasing out of the capital allowances.

Threat to drug makers

By Carla Rapoport

THE BRITISH pharmaceutical industry is currently facing greater threats to its future than at any time in its a history, according to a recent survey by Jordan & Sons, a research and consultancy group.

The dangers include tighter profit control by the Government, promotional spending cuts, increased generic prescribing, and declining research productivity.

The survey urges drug companies to re-examine their long-term research and marketing strategies to minimise the harmful impact of these threats.

The report says new government restrictions on profitability will force a number of small and medium sized companies to cut spending on product promotion. As a result, they will be less able to compete in a market dominated by a few large companies.

The restrictions will also result in a "significant decrease" in investment by foreign companies in the UK in the manufacturing and development of pharmaceuticals. Investment in straight research is expected to be maintained or increased.

The report also forecasts that the number of products sold in the UK will decrease in future. This will have the effect of making the market more sophisticated and innovative at the same time as cutting the National Health Service drug bill, says the report.

Sales surge expected by distributive trades

BY PHILIP STEPHENS

DISTRIBUTIVE TRADES are expecting a surge in business this month after disappointment with the level of sales in March, according to the Confederation of British Industry/Financial Times survey published today.

The ninth monthly survey, which drew replies from 722 retailers, wholesalers and motor traders, found that a balance of 53 per cent expected sales in April to be above levels at the same time last year. (The balance is the percentage reporting a rise minus the percentage expecting a fall).

Reports of increased retail sales in March, however, were the lowest for six months, apparently reflecting the cold weather and the lateness of Easter.

A balance of 47 per cent of all the trades surveyed had expected better trading conditions last month, but in the event a balance of only 30 per cent reported increased sales.

The survey for April, conducted between March 23 and April 13, expresses confidence that the downturn will prove only temporary and there are indications that trade could return to the very high levels of late last year.

Expectations of increased sales in April are particularly strong in those categories – clothing, footwear and leather – where turnover in March was furthest from expectations.

Distributors also expect a significant increase in the volume of orders placed on suppliers, although stock levels, which increased sharply in March, are expected to remain high.

In the retailing sector high sales expectations in March were not fully realised for the third month in succession, although turnover was above the same month a year ago.

This tallies with official figures showing that retail sales dropped by nearly 1 per cent between February and March, while remaining about 2½ per cent above levels in March 1983. But a balance of 70 per cent of retailers is predicting buoyant trading conditions in April.

The lower-than-forecast sales are reflected in a surge in retailers' stocks, which rose at the fastest rate since November 1983, with a balance of 42 per cent reporting higher levels.

The mail order sector, however, went against the overall trend, with both sales volume and orders placed on suppliers rising strongly.

The balance of wholesalers reporting higher sales in March compared with a year ago, at 29 per cent, was the second lowest since the survey started. Sectors which were particularly disappointing were fuel and energy, durable household goods and clothing, textiles and footwear.

Like retailers, however, wholesalers are optimistic about the prospects for April, with a balance of 49 per cent predicting an increase in sales volume compared with the same 1983 month.

Orders placed on suppliers showed a slight increase in March over a year ago, with a positive balance of 17 per cent, but a more substantial rise is forecast in April with the balance rising to 30 per cent.

Wholesalers reported higher than expected stock levels in March and in April they are also predicted to be substantially up on a year ago.

The number of respondents to the motor trades section of the survey has increased substantially to 143, increasing the reliability of the results, but the CBI believes the figures should still be treated with some caution.

Motor traders reported a slight fall in their sales in March compared with a year ago, but are expecting increased turnover in April. Orders in March were at the same level as in the same 1983 month, but are expected to pick up this month.

TECHNOLOGY

EDITED BY ALAN CANE

CONTROL DATA AND PHILIPS INVEST IN OPTICAL RECORDING

Memories of a silver disc

BY WALTER ELLIS IN AMSTERDAM

IT IS a melancholy thought but the type output of an office secretary's entire 40-year career can now be recorded on a single side of a digital optical storage disc.

On second thoughts, not so much a melancholy thought as a sad reflection. For if the secretary concerned were to gaze into the laser-scorched disc itself—perhaps pondering on the relevance of the work ethic to late 20th-century office routine—the gaze would be beamed back from its brilliant, mirror-like finish.

The digital optical storage disc, developed by Philips of the Netherlands and Control Data of the U.S., is a spin-off from the Dutch group's Laser Vision and compact disc audio technology. It looks just the same but is a little bigger than either of its shiny predecessors, being 30 cms across—the same size as the traditional audio LP which the compact disc is out to replace.

Philips and Control Data have already spent $40m on development of the disc and intend laying out a further $200m over the next two years through a new joint venture, Optical Storage International (OSI). They reckon that their revolutionary new product can capture 15 per cent of the world "memory market" within two years of its introduction and that the 50 per cent mark will be reached by the end of the decade.

The optical recording disc at 30 cms diameter is slightly larger than the Laser Vision consumer video disc shown above. Some $200m will be spent on its further development

Philips and Control Data have already spent $40m on development of the disc

The discs, with their attendant players, will be aimed initially at the burgeoning archive market. Libraries of every kind, public and company filing systems, hospitals—in fact all those institutions which require detailed, accurate and permanent storage of their day-to-day histories—will, we are assured, turn to digital optics almost in the twinkling of an eye.

If they do and, more importantly, if scientists can discover how to make the discs reuseable so that they can be incorporated into shorter-term retrieval systems, Philips and Control Data could be on the threshhold of something really big and important. If they do not, or if the 30 or so other corporations engaged in similar research come up faster with marketable systems, a lot of money will have disappeared down the R and D drain.

In optical recording, a laser beam of specially high intensity burns holes into the pre-laid tracks of a sensitive metallic layer between two glass substrate discs. The absence or presence of a hole defines the message for the resulting digital reader. The laser reader directs its beam through the surface of the disc—which is sealed into a plastic-wrapped "sandwich" to prevent contamination—and when the light falls on a flat, reflective surface it is reflected back along the same path. In this path is a semi-reflective prism, which partly dissipates the beam and causes it to be measured by an array of photodiode detectors.

When the beam, still on its way into the disc, hits a hole, the resulting reflection is of a different intensity than one from an unpitted surface. In this way, there is regular intensity modulation. Different patterns of hole-no hole translate into the more conventional one/zero format with which today's schoolchildren are rapidly becoming familiar.

The burning-in process has a permanent character, and this is probably the most important differences with existing media based on magnetic storage technology—principally magnetic tape. The optical disc can hold on to information for at least 10 years, and even then information which it is feared may be decaying can be freshened up by means of a sort of electronic "Alkaseltzer." Until researchers have discovered how to make the discs alterable and reuseable, the permanence feature is likely to be something of a mixed blessing, but it certainly represents an advance in its own field and should prove invaluable to the archivist.

Massive memory capacity is the other main marketing feature of the disc: as the holes formed by the laser are only 1 μm in diameter, it is possible to store 1,000 megabytes, or one gigabyte, on a single side, corresponding to the typed contents of half a million A4 paper sheets.

The recorder-players to be used with the discs will be made by Control Data in the U.S. The American computer company is one of the world's largest producers of disc-drives and has worked closely with Philips on optical disc technology since 1982, when two joint ventures were formed to co-ordinate research. OSI is the continuation into sales and marketing of these first ventures. It hopes, by building on its early lead, to stay ahead of the competition, represented by no fewer than 33 companies worldwide, including Sony, Hitachi, Fujitsu and Matsushita of Japan, Rank Xerox of the U.S. and Thomson-Brandt of France.

Now, with the technology still in its infancy, only Philips itself, with its "Megadoc" office system, and Texas Instruments, with its "Laserdrive 93127" recorder, actually offer optical disc equipment. A number of other drives are, however, currently being tested by a further 19 or so high-tech manufacturers, and the autumn of this year could see an important systems launch.

Without a re-usable facility—which is not expected for another two-three years, digital optical discs will cause a gleam mainly in the eyes of archivists. But the idea is, at least, off the drawing board and on to disc and could well become a standard feature of the computing and information storage industry of the late 1980s and beyond.

SOFTWARE SYSTEMS

Office automation at a stroke

BY ALAN CANE

SOFTWARE SCIENCES clearly does not suffer from the debilitating "not-invented-here" syndrome which handicaps so many UK high technology companies.

It has taken one of the better philosophies of office automation—the concept of the "working group"—and added a novel piece of office automation software developed by Xionics to create something that comes close to the idea of the "intelligent workstation."

Software Sciences is a rapidly growing systems house, part of the Thorn EMI group. Xionics is a small office automation suplier with the signal distinction of having been given the job of automating the Cabinet Office.

Last year, Xionics launched a product which it believed broke new ground in the "electronic office."

It launched a product which it called Keystroke Procedural Language (KPL), basically software which made it possible for an office worker to "teach" his or her computer to carry out routine and tedious keyboard operations.

An example might be the sequence of operations necessary to make contact over a telephone line with a computer-based information source and request a particular set or sets of data.

It is all time consuming and error prone. But using KPL, the entire procedure can be reduced to a single key stroke.

Software Sciences, based in Farnborough, saw KPL a a way to realise its notions of office automation. Mr A. F. Crossley of Software Sciences says: "Now even Xionics is surprised at what we have managed to do with KPL."

Mr Mike Bevan, managing director of Xionics says: "Software Sciences has made the greatest progress we have yet seen in the use of KPL. It has developed extremely clever and imaginative ways of threading together all the things that have to be automated in the office."

The first fruits of Software Sciences' work will be launched shortly. Called "Press," its first KPL-based product is designed to automate a company's press office. Software Sciences points out: "The chief fact constraining the operation of any press office is the lack of an efficient mechanism which allows their staff to communicate one with another."

Software Sciences used as its model the idea of the "working group," a small group of office workers who deal with a particular activity, who function as a unit and whose working methods can be defined very precisely.

The company has identified a number of these working groups—it includes the fleet management office, the contracts office, the purchasing [illegible]—and, of course, the Press office.

Its approach is similar to each activity. It talks to practitioners finding out what their job entails and what they need of an automated system.

The Software Sciences Press system works like this (remember that all the time-consuming sequences have been reduced to one or two key depressions using KPL).

A draft Press release is produced, and a circulation list of commentators generated. A single individual is given the authority to sanction the release (no more embarrassed follow-up letters correcting errors, ambiguities and indiscretions).

Then a "conference" is set up among the commentators, each of whom can call the release to his or her screen and add comments or redraft.

When the final version is produced it can be cleared for release and the publishing mechanism invoked. Copies are printed, labels prepared, further copies downloaded to telex or to viewdata. A PR-line of information is created to help with answers to queries.

That sequence simply described good Press office practice. Where "Press" differs is that all the mechanics are ready built into the Press officer's workstation.

Mike Bevan notes: "When these terminals go into the user sites, they are already prepared and the system gets off the ground much more quickly."

This being the age of the train, Press will be put through its paces soon. First taker is Mr John Fogg, information services manager for the British Rail Press offices.

Software Sciences is on 0252 544321, Xionics on 01-636 0105.

Manufacturing

Design seminar

AN INTERNATIONAL seminar on computer aided manufacture is to be held from May 8 to 10 in Montreux, with an associated industrial tour to companies such as Siemens and Messerschmitt Bolkow Blohm.

There will speakers from Rolls Royce, Union Carbide, the Philips Centre for Manufacturing Technology, the UK Department of Trade and Industry, A. D. Little, Ingersoll, ASEA, Lockheed, Oki Electric and other organisations of similar calibre.

The registration fee for the conference only is £250-$275 and further details can be obtained from the organisers, CAM-I Inc, Newfoundland House, Poole Quay, Dorset (0202 670717).

Computers

Colour graphics

COLOUR GRAPHS and charts can be made with a business graphic program for Philips' P2000C portable computer. The program from Datatex is intended for busy executives who need to present data in graphic form at meetings and in documents.

Pie, line and bar charts can be produced in colour. Dataplot can be used with a range of CP/M programs including WordStar and CalcStart. More details from Philips in Vienna, Austria on 43 222 94 5535.

Storage

Bubble memories

HITACHI has a bubble memory cassette for computer data storage capable of holding 1m bits of data. The company says that the bubble cassette has use in a wide range of industry and computer applications. More details from Hitachi in Harrow, Middlesex, on 01-861 1414.

Components

Production links

INTEL CORPORATION, one of the largest U.S. semiconductor makers, has signed a manufacturing agreement with Marconi Electronic Devices, part of the UK General Electric group. This second source contract allows Marconi Electronic Devices to make telecommunications components.

It is the first time that Intel has signed a manufacturing agreement of this kind with a UK company.

The semiconductor circuit to be made by Marconi is used in large quantities in such as System X found throughout the world. Its use is to convert analogue speech signals into digital ones for transmission and vice versa. Such circuits are called codecs — coders/decoders.

Agriculture

Farming information

FARMERS CAN now obtain more information via the Prestel Farmlink service launched April 12. It will provide a national directory of data, product and services. Baric, which is providing Farmlink, said that information includes weather reports, livestock market prices and commodity futures.

Farmers can compare prices or place orders at any time of the day or night. Baric has also written an interactive program which allows subscribers to calculate wages and PAYE by using a viewdata screen and keyboard. More details from Baric on 01-890 1414.

FINANCIAL TIMES SURVEY

Tuesday April 24 1984

Direct Marketing

The annual symposium in Montreux at the end of this month will discuss national experiences. Judged by the UK standards, the industry has seen strong advances in the direct mail sector and an improvement in its public image

Technology helps to span the frontiers

THE DIRECT marketing industry is in good heart. It is improving its reputation as an effective channel for selling (and communicating) at a time when users are taking more interest in its possibilities.

This is mainly because of the rising cost of other advertising media, especially television. Companies now spending many millions of pounds on a TV advertising burst are likely to at least consider an alternative.

By ANTONY THORNCROFT

Direct mail, the major part of direct marketing, is now in a better position to present its case. Some 18 months ago 54 direct mail producers, supplies of anything from envelope stuffing services to lists, came together, with Post Office backing, to form the Direct Mail Sales Bureau to promote the medium.

The Bureau has concentrated not only on telling potential users about direct mail but also offers a service, producing a campaign if companies are interested. Much of its time has been spent talking to advertising agencies, once generally antagonistic to direct marketing but now conscious that they must be able to offer their clients this complementary marketing service.

Agencies like FCB, Benton and Bowles, Greys and Ogilvy and Mather have recently boosted their direct marketing divisions and 70 per cent of the 10 campaigns handled by the Sales Bureau in its first year came through advertising agencies, who provided the creative work while using the specialists for run of the mill activities.

Direct mail was worth £341m in 1982, making it larger than important rivals like magazines and the regional press, and almost as big as the national press as an advertising medium. There will not have been any growth last year because one big sector, mail order (those weighty catalogues) had a bad patch from which it has now recovered.

The overall trend is upwards, especially for the basic direct mail to the home or office. The Post Office, which is the main beneficiary of increased activity earning about £200m postal revenue, reckons that the number of items of direct mail circulating around the country more than doubled between 1975 to 1982 to over 1.1bn, with a big switch in the total towards consumer mailings and away from business.

In 1975 the traffic split almost half and half: now over 70 per cent goes to consumers. Even so this only works out at 0.7 direct mail shots landing on each household's front door mat in a week.

What kind of material is arriving through the post? Financial marketing remains a great growth area, with banks following the insurance companies and unit trust operators in communicating directly with the public.

Travel, cars, and consumer durables, as well as the traditional book clubs, are to the fore. Companies are realising that their best customer is their existing customer and durables manufacturers are using their guarantee lists to make follow-up pitches.

There is also much more interest in advertising through the post, alerting potential purchasers to the goods, be it a new car or a magazine, rather than seeking a direct sale. All this business is thriving on the back of the basic principle which drives direct marketing — companies can measure the response. Unlike advertising campaigns a direct campaign to the consumer can be evaluated quickly for its cost effectiveness and either abandoned or developed.

Aberration

This great selling point now makes much more sense with the improvements in the precision of the targeting which have followed from technological breakthroughs, involving the electoral roll and the computer.

Acorn, which splits the country into small areas according to their affluence or otherwise, removes much of the waste from direct mail. It does not always work: a recent survey suggested that through some aberration multi-ethnic communities received above average amounts of travel propositions when in practice they rarely strayed far from home. But in the main lists are much more accurate.

Wedding the computer to research not only cuts wastage: it also reduces the cost of organising mailing shots. What might have involved 60 typists producing names and addresses has been transformed into the press of a computer button.

The cost of direct mail promotion has also been held steady by the Post Office's retention of second class postage at 12½p for two years now — postage can be the major cost item.

Technology is constantly improving. Along with Acorn has come the Consumer Location system which not only gives the social characteristics of localities, but using T and I data, also their buying habits. There are still wide variations in the cost of direct mail campaigns: an Acorn mailing costs around £250-£300 a thousand shots, and an own customer mailing about £150-£200.

On the other hand an expensive direct mail campaign to a small and select target group in the business area might be £1,000 a thousand. Of course the use of word processors has improved the personal element in even the most conventional mailing shot.

The formation of the Direct Mail Services Standards Board has sorted out some of the abuses and the Mailing Preference System, which enables people to say they do not want to receive direct mail, also goes some way to meet criticisms.

The main recent gain, however, has been the influx of professional marketing and advertising people who find direct mail a challenge rather than a rival to the cosy commission system. Direct mail has a bright future.

For the other sectors of the direct marketing industry there are problems, which could well be temporary. Mail order is suffering from high unemployment and price cutting in shops. Direct selling from the pages of magazines (as well as the more traditional "shopping" ads in newspapers), which three years ago was making the Sunday supplements as weighty as mail order catalogues, has also fallen off.

This is less to do with its effectiveness than over-enthusiasm. Companies rushed in to sell a widening range of goods directly and the offers started to cancel each other out. The survivors are doing well and the creative lessons learned should lead to more, but slower, expansion in this sector.

Bewildered

In the same way direct sales through television, although encouraged by discounts by some TV contractors, has not proved the important breakthrough that it seemed. Here again consumers were sometimes bewildered by choice and preferred the reduced prices in shops.

Using the telephone for selling is a difficult area. It is growing, but U.S. experience suggests that it inspires buyer resistance and this will always remain a rather specialist form of direct response.

As for cable, and the vision of the housewife shopping at home, responding to direct selling pitches with a press of a button which docks her credit card, this now seems less credible than it did a few years ago. Once again American experience suggests that cable is a very difficult industry to make profitable and that its growth in the UK will be slow and uncertain. It does not offer any immediate threat to the established channels of direct marketing.

One consequence of technological change will be to integrate the international direct marketing business. The companies which dominate as users, Readers Digest, American Express, Time Magazine, use it multinationally. Unlike advertising campaigns, the techniques of direct marketing can be fairly easily adapted to national needs.

That is why the annual symposium in Montreux is useful: it brings together national experiences which have international uses.

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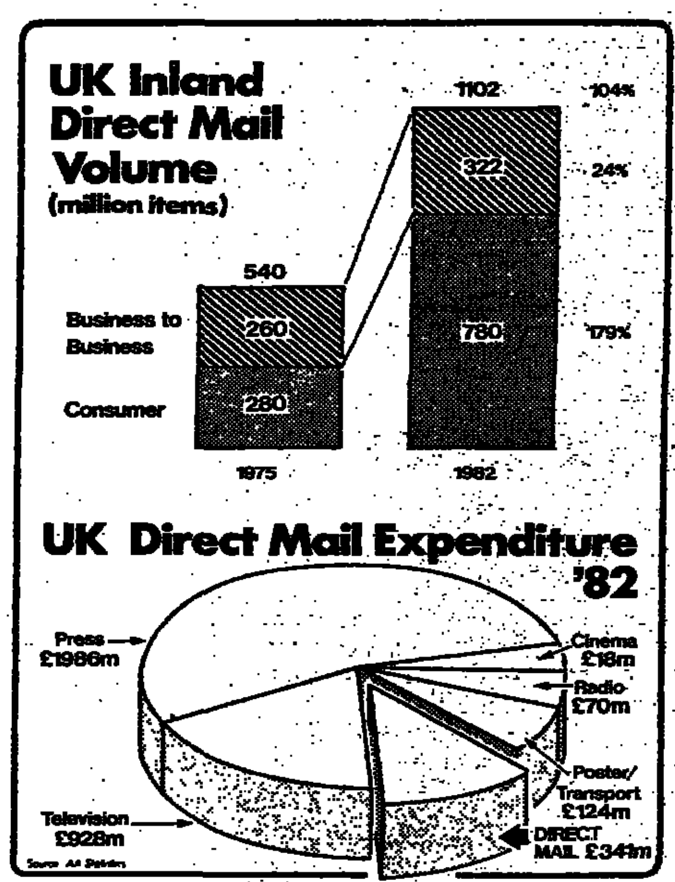
A wider range of user groups is appreciating the industry's marketing opportunities says Feona McEwan

Strong rise in use by services industry

SO, WHO uses direct marketing techniques? Given that an average household in the UK is on the receiving end of some three unsolicited items of literature a month, it is likely that every one of us has some idea of the scope of this big business. That's just the direct mail sector of the direct marketing process—there's also off-the-page press selling, off screen selling (whether broadcast television or Viewdata and Prestel), telephone sales and door-ot-door delivery, known as the "knock and drop" method.

Theoretically, any one with a product or service to offer is a prospective direct marketeer. The type of user groups is growing at a galloping pace as more sectors wake up to the unsung marketing opportunities of this advertising medium. With the advance of communications technology and the sophistication of the identification and location systems on which mailing lists are based, fine targeting, which is the direct marketeers' chief weapon, is increasingly recognised as a cost-effective means of expanding business at a time when value for money is the catchphrase.

What was once the provence of clubs, be it book (Reader's Digest pioneered the way in the Fifties) record or motor (the *Automobile Association* is an experienced practitioner) has, 30 years later, mushroomed beyond recognition: insurance houses to contraceptive suppliers, charities to holiday firms, bookies to animal welfare trusts . . . they're all using the service.



Outstripped

Small businesses of every hue are learning how to put on weight the direct marketing way. And we as consumers are subjected to such messages both at home and in the office.

While vital statistics of this disparate medium are hard to come by—who knows, for instance the market share of the knock-and-drop approach—it falls to direct mail, with the enthusiastic backing of the Post Office, to give the medium some substance.

Increasingly, they say, consumer items are outstripping the business-to-business sector of the market. Whereas direct mail was split in a 52:48 ratio consumer:business-to-business in 1975, figures for 1982 have shifted to a 70:30 balance. In other words, judging by volume not value the business-to-business sector grew 29 per cent in that time compared to consumer advertising which has increased 179 per cent.

"The market in general is extremely buoyant at the moment. There's almost too much business to handle," says Graeme Robertson of leading agency Christian Brann. "The business-to-business sector is booming too," comments Brian Holland of Holland and Partners, one of the largest UK b-to-b agencies.

More and more companies, he says, are now alert to the increased costs of running a salesforce and direct marketing to deploy their time most profitably.

It is widely recognised that there is a fundamental shift in marketing strategies with advertising expenditure moving away from the traditional areas of fast-moving consumer goods towards services and consumer durables. At the same time discrete target markets (the rifle approach) are becoming *more important*, as *against* the broad shotgun approach of broad mass media (such as satellite television).

Michael Manton, chairman of the Direct Mail Sales Bureau, which sells the medium to advertising agencies, told an advertising conference of media buyers "the shift towards discrete target markets will continue as products and services become more specialised and market identification techniques more sophisticated.

"That can only benefit direct mail." He continued, "judging by its share growth and the number of advertisers who come back for more, direct mail must be doing something right."

Consumers are also becoming more confident about using direct marketing, as one agency man put it. "He has become more exposed to it and also the advertising has now developed into a more comprehensible format using simpler methods of response."

Retailers and their optitude for advertising are renowned and a major influence of the age. Direct marketing is no different.

"It is significant that many major retailers such as Habitat, Mothercare, Laura Ashley, The Reject Shop, fashion and menswear chains Debenhams and other department stores, are all now using catalogues and direct to the customer selling to develop their franchises and sales," says Frank Casey, a director of the Brunnings Group, of advertising agencies.

Catchment areas

Many are now realising that if they are incurring costs in sending out bills it makes commercial sense to make the jackage work that much harder. Thus you find inserts along with your invoice with news of a special promotion, sale or offer in an effort to generate more store traffic.

Unlike manufacturers, retailers are now able to define their catchment areas locally precisely and can identify their customers by name, a powerful marketing tool they are beginning to exploit.

The same applies to banks which possess sufficient financial information about their customers to define target markets—and this is an area in which many marketeers predict rapid growth. Elsewhere in the financial sector (which as a whole is one of the fastest emerging advertising forces) insurance companies, credit cards and unit trust funds are already well versed in direct marketing procedures, having acquired the habit some years ago.

It was noted as a milestone and an acknowledgement of the medium's success when the Prudential, the quintessential door-to-door sellers, last year, took the "direct" route and included marketing incentives in with their mailed bonus notices.

In February this year, Framlington Unit Management's Japan and General Fund was launched with a mixture of off-the-page press ads, unitholder applications and intermediary sellers. A record response, elicited some £9m from press which accounted for 43 per cent, the lion's share of the total response.

Burgeoning

Leisure and recreational activities are another burgeoning area for the direct marketeer. Brann reports that a mailing of some 800,000 Butlin customers, at a time last year when the holiday caterer was drastically cutting back, netted over £25m worth of holidays. Portland, the Thomson Holiday subsidiary, which spent about £2.5m in above-the-line advertising last year, is reputed to have changed direction and concentrated on mailing past customers with the result that they are already sold out.

Notable, if unlikely, recruits to the direct response advertising include Ladbrokes which undertook a mailing of existing punters in a drive to drum up further business. Last year the Irish Rugby Football Union organised a direct mail shot to 30,000 professional groups and companies in a bid to raise £2m for a new grandstand, in the event it secured £2½m.

"We are beginning to see campaigning and opinion-forming literature arrive, something that is common in the U.S.," says Brann's Carter Robertson.

The recent spate of lobbyist literature from the International Fund of Animal Welfare, demanding consumer action in protest against the Canadian seal cull, by way of flooding local supermarkets urging a boycott of Canadian fish is an early example of this.

Amid the explosion of direct marketing literature begging consumer attention, there is a feeling among advertising agencies already involved in the field, that unless mainstream agencies — more preoccupied with above-the-line media like press television, cable and satellite—change their standoff-fish attitude to direct marketing the UK will miss out on a huge market which will not flourish as it should and as it is doing overseas from Australia to the U.S.

The annual International Direct Marketing Symposium in Montreux next week attracting some 2,000 delegates representing major business interests around the world, is witness to the potential opportunities of the direct marketing scene.

CASE HISTORY: BUDGET RENT A CAR

Sharper drive for business travellers

WHEN A MARKET is dominated by a brace of well-known names, as the car rental business is in Europe with Hertz and Avis, it poses major headaches for rival contenders.

Budget Rent a Car International, the franchise arm of the American car rental company, responsible for the UK, Europe, the Middle East and Africa, and lying third in the European league table, faced such an image crisis last year, when it found itself viewed by many as the poor relation of the rental business. Yet the service it provided throughout its 600 European locations was, it felt, little different.

In a bid to widen the scope of its operations, Budget set out therefore, to secure a stronger presence in the international business traveller market, at the same time, enhancing the company image and increasing awareness of Budget as a force in the field.

Together with direct marketing specialists Stadden Hughes of Fitzroy Street, London W1, Budget decided to focus on the car rental credit or identification card, a well proven technique for attracting the business traveller.

The objective was to promote the company VIP Traveller card, which entitles the holder to unlimited mileage throughout Budget offices worldwide. Applicants for the card would also provide a useful mailing list for selling further services to, and possibly an introduction to a number of new company accounts.

The strategy selected for offering the VIP traveller card was direct response advertising with the added incentive of a leather luggage tag as a free gift. This was deemed a timely idea in the light of the recent IATA regulations requiring baggage to be clearly labelled.

Inflight magazines were selected as the vehicle for the campaign, with their readership heavily orientated towards business travellers thus identifying the target as well as providing instant opportunity for readers to act—at the end of the flight—on the offer. High Life, the British Airways magazine, Atlas, the Air France magazine and Bordbuch, the Lufthansa publication carried the campaign simultaneously.

To boost the impact and enhance the company image full colour pages were used, except in Bordbuch where they were not available.

"Announcing the arrival of two first-class aids for the business traveller," read the ad headline referring to the VIP traveller card and the leather luggage tag. Readers were invited to respond either through the coupon provided or directly at a Budget airport desk.

A response package consisting of VIP card, luggage tag, 10 luggage labels, and a mini Budget worldwide directory complete with reservations numbers was devised for respondents.

So what about response? In each of the three countries—UK, France and Germany—some 500 coupons per country, were filed, which exceeded Budget expectations by some 20 per cent.

The total campaign for the three countries cost about £30,000. The quality of respondent was encouraging with more than 90 per cent at director level. There were also a number of "walk ups" at airport desks.

Feona McEwan

DIRECT MARKETING III

David Churchill discusses the array of services on offer by the UK Post Office

Personal touch pays with direct mail

FOR THE businessman who wants to exploit the potential of direct marketing techniques, the array of services on offer can be daunting. Where to start?

The Post Office, not surprisingly, has a vested interest in promoting direct mail and so has a number of special schemes available to help companies using the post.

First time users in particular are especially wooed by the Post Office. Companies or organisations which have not used direct mail before may be eligible for free postage on from 1,000 to 3,000 letters of their first mailshot, depending on the overall size of their mailing.

Companies that already extensively use the post for their normal business — spending £20,000 a year or more—can also take advantage of the Incentive Discount Growth scheme. "This scheme was developed with the direct mail market in mind, to provide a facility for companies to test new lists at reduced prices," explains Mr Mike McManus, marketing manager for letter services at the Post Office.

This scheme offers a discount on the real value year-on-year increase in companies' postage bills for inland letter mail. The greater the increase, the greater the discount, up to a maximum of 20 per cent discount on an increase of 10 per cent or more.

Some direct mail campaigns also rely heavily on reply services, such as business reply and freepost. Normally the charges for these services are an annual licence and postage plus ½p on each item received. But first time users of these services may be eligible for special introductory offers, which waives the licence fee and means there is no postage to pay on the first 300 replies.

Established users of the business reply and freepost services who receive more than 50,000 items a year can apply for special discount rates. Based on a sliding scale, the discount starts at 40 per cent of the additional ½p postal fees and goes up by stages to a maximum of 70 per cent for 750,000 or more.

These are only some of the special Post Office discounts available—full details can be obtained from a Post Office local sales representative.

Direct mail, however, does not end with the UK market and the Post Office is also keen to exploit new markets overseas. To enable exporters to test the value of direct mail as an international marketing medium, the Post Office has a free postage scheme for first-time users. "This means that exporter who has not previously sent an overseas direct mail shot qualifies—even if he has already sent direct mail shots in the UK," says John Gibbons, marketing manager for international services at the Post Office. Overseas postage costs up to £22 are free and an exporter can qualify for up to £550 worth of free postage on bigger postings.

Growing area

Using direct mail, however, also requires that the company concerned has a list of addresses of people who might be expected to respond to that mailshot. The list business is a rapidly growing area of direct marketing, estimated to be worth at least £12m a year on its own.

A reasonable list can be worth £20,000 a year in extra income for the list holder, who gleans information every time a coupon is clipped from a magazine or newspaper or a name and address written on the back of a cheque.

The list business is structured so that the list owner and the client are often brought together with the aid of a list broker. The broker advises, searches and negotiates for lists and handles the administration. In return, he takes a percentage of the list price from the owner's fee, often 20 per cent. List brokers are a perfect example of a breed that has developed to fill a market gap in the direct mail business, often themselves having a background in publishing or direct mail in some form.

List brokers, however, still have difficulties in persuading companies to part with lists of people they have on file although brokers prefer to believe this reticence is due to lack of understanding about lists rather than any strongly held belief in maintaining consumer privacy.

One criticism of the list broking business is the high level of fees charged for lists in comparison with the cost of lists in the U.S., where the business is much larger and more established. The brokers respond by pointing out that computerisation of lists was achieved much earlier in the U.S. and, since the market is larger, the economies of scale are therefore much greater.

To help tackle some of these problems and to improve the list brokers' image, the British List Brokers Association has been formed with the aid of most of the major brokers in the business.

Finding specialist help with putting together a direct mail campaign depends on a number of factors, suggests Mark Elwes, executive director of the Direct Mail producers Association. First, he suggests, is the question of scale. "If the campaign involves the production of several million items of mail over a limited period, then an agency with the capacity for such bulk is essential."

However, he says that "a smaller or more specialised campaign may well be more suitable for a smaller agency." He adds that "it may be that a project calls for specialist knowledge of a particular industry or a particular subject, or for specialist technical facilities."

The Association publishes a useful booklet listing all its members and giving details of the areas of activity in which they specialise. "Once you have selected an agency or a short list of agencies which seem to suit your particular needs, a telephone call followed by a personal visit is usually the most practical first step," he says.

Profitable

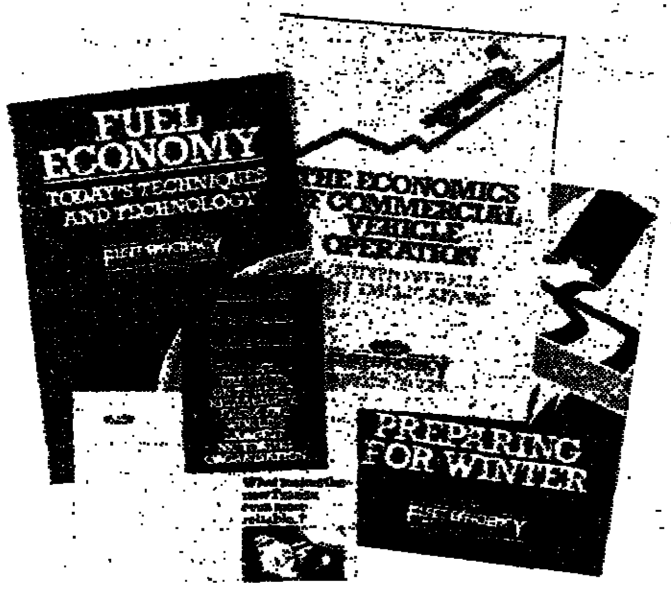
One growth area in the services offered by direct marketing companies appears to be personalisation of both products that are sold and the information that is sent to potential customers. "For direct response companies, faced with shrinking margins and higher overheads, personalisation promises the most profitable area of merchandising for many years," suggests Stephen Sherwood, managing director of Sherelle International. "Those mail order and direct response companies that have tested personalised products have found that they can once again achieve the margins that they need and, in addition, they have on average reached a higher level of response with a minimum number of returns."

Kaleidoscope, part of the W. H. Smith group, were among the first mail order companies to see the effect on sales of personalising a product. At the same time, organisations such as the Consumers' Association, Reader's Digest, and American Express have discovered the benefits of personalising special offers to customers.

TOP 20 DIRECT MAIL GROUPS IN UK
by profit margin

	Profit Before Tax £000 82/83	Profit Before Tax £000 81/82	Sales £000 82/83	Sales £000 81/82	Profit/Sales Percentage 82/83	Profit/Sales Percentage 81/82
Time-Life International	518	47	1,325	1,138	39.1	4.1
Oxfam Activities	787	689	3,979	3,558	19.8	19.4
Dale House Mail Order	125	178	681	824	18.4	21.6
Halwins	81	94	444	450	18.2	20.9
J. D. Williams and Company	1,352	1,294	10,304	8,883	13.1	14.6
J. A. Davis & Son	39	46	334	321	11.7	14.3
Unwins Seeds	293	115	2,704	2,821	10.8	4.1
The Great Universal Stores	201,384	189,161	2,038,000	1,837,000	9.9	10.3
N. Brown Investments	3,007	3,069	31,331	26,981	9.6	11.4
Folio Society	199	212	2,127	1,905	9.4	11.1
The National Magazine	3,971	4,207	45,665	40,822	8.7	10.3
Farepak Hampers	708	545	8,332	4,690	8.5	11.6
World Wildlife Fund (UK)	89	15	1,105	1,072	8.1	1.4
Oxendale and Co.	486	593	6,666	5,754	7.3	10.3
Ambrose Wilson	928	936	12,648	9,673	7.3	9.7
Britannia Music Company	592	−5	8,636	9,479	6.9	−0.1
Linguaphone Institute	725	668	10,654	10,801	6.8	6.2
Readers Digest Assoc.	3,807	3,885	59,411	55,662	6.4	7.0
Marshall Ward	2,912	2,687	49,170	43,131	5.9	6.2
Maplin Electronic Supplies	154	10	3,055	2,562	5.0	0.4

CASE HISTORY: FORD



Keeping the top truck image

"FORD GIVES you more" goes the slogan and that is just what the UK's number one commercial vehicle manufacturer sets out to prove with its continuous direct marketing campaign, now running into its third year.

Such methods are proving a highly profitable sale pitch for ensuring market dominance, a position Ford has enjoyed for the past 12 years.

Ford's very supremacy, however, in what is a fiercely competitive field, poses its own problems. How to continue the "top truck" momentum, spell out the message of quality of service in fresh language, how to sustain customer confidence, how to widen the consumer base by generating new leads for more specific mailing activity aimed at Ford's 140 specialist truck dealers . . . , these have been prime objectives of the campaign.

Together Ford and specialists Christian Brann have pursued a vigorous direct marketing route, finely targeting key transport managers of companies operating commercial vehicle fleets. The decision to go the 'direct' route was taken because this commercial market was readily identifiable through existing mailing lists.

The initial Ford mailing in 1982 was 110,000 companies. This has now grown to some 145,000 companies about which Ford now has vital fleet information.

Such a detailed database has given Ford a valuable target group for future sales efforts, as well as, in Ford's view, considerable edge over its competitors.

The programme is focused on a series of glossy information booklets called, somewhat grandly, the Ford Fleet Efficiency Guides. Free to start with (though you pay for back numbers) the idea is to collect the set and bind them for keeps. They provide authoritative, practical help on all aspects of transport management.

Subjects covered so far include Fuel Economy, the Economics of Commercial Vehicle Operation and Preparing for Winter. Coming soon is New Vehicle Finance which will incorporate the effects of the recent Budget on vehicle purchase.

All mailings are personally addressed with reply-paid envelopes which invites a response by way of request forms for further free copies of the latest guide, together with a request for details of the respondent's vehicle fleet. Response to the guides has been "highly successful," says Brann.

This exercise has also supplied Ford with a detailed profile of over 70 per cent of UK commercial fleets, in terms of numbers of vehicles run, their makes, weights and body types. On the back of this information the Ford dealer network is able to identify new prospects and Ford itself can specifically target an appropriate audience on individual models, new products and improvements to existing vehicles.

The success of this stategy is underlined by the fact that one mailing for the Ford Cargo truck last year costing £35,000 brought in sales of £750,000 and a series of mailings for the Ford Transit van produced 2,500 new prospects with a specific interest in Transit vehicles, hot leads for the Ford salesmen to pursue.

Feona McEwan

2,000 gather for Montreux symposium

MORE THAN 2,000 participants are expected at the direct marketing symposium and exhibition to be held in the Swiss resort of Montreaux at the Congress Centre (right) between April 30 and May 4. The event claimed to be the biggest international meeting of the direct marketing sector, is the 16th of its kind and combines a comprehensive conference programme with a specialised goods and services fair and meetings of the European Direct Marketing Association (EDMA).

A major part of the conference will be given over to symposiums on individual aspects and applications of direct marketing. These include programmes on the use of direct marketing in editing and publishing, in financial services, for product manufacturers and in "selling to the consumer."

In addition, a new symposium has been added to the Montreux event in the form of a programme on direct marketing methods in the sale of pharmaceutical products.

Special seminars will be held on how to solicit new subscribers, on relations with the Post Office and on computer services, direct marketing for advertising agencies and the print and electronic media.

General interest events include a half-day presentation "principles of direct marketing," chaired by Dr John D. Erickson of the American Bible Society, and a two-day seminar on the "Dialogue Method" of Siegfried Voegele, of the Munich-based Institute for Direct Marketing.

Some 130 firms will be presenting their goods and services at the Montreux exhibition, including advertising and direct-response agencies, consultants, telephone marketing services, address-book publishers media, printers and envelope suppliers and various EDP services.

In connection with this event there will be a special "catalogue show" of over 2,000 mail-order catalogues, prospectuses and mailings from all over the world. A new catalogue directory is also being sold by the exhibition organisers at a price of SwFr 220.

The programme will also include a number of EDMA and social events. In connection with the Montreux meeting, the association is offering Symposium participants a 50 per cent reduction on their joining fee.

John Wicks

David Churchill reports on the UK industry's efforts to improve its image

Post Office help in moves to screen mailing shots

DIRECT MARKETING in the UK has always had something of an image problem, a consequence of rapid growth attracting the "cowboy" operators whose sole aim has been to make short-term profits irrespective of the long-term harm to the industry's image.

Over the past year or so, however, the industry has begun to put its house in order and appears so far to be winning the battle to build up public confidence in direct marketing techniques.

The catalyst in this clean-up of the industry's image has been the Post Office which has latched on to the potential benefits of promoting direct marketing in the UK. Already direct mail shots account for about a tenth of the Post Office's letter business and the proportion seems set to grow with the Post Office's continued support.

The two main developments over the past year which have come about with the aid of the Post Office have been the setting up of the Mailing Preference Service and the Direct Mail Services Standards Board.

The Mailing Preference Service was set up by the major industry trade associations and supported by the Post Office to counter the growing criticisms from consumer groups and others about the rise in unsolicited mail being received by the public.

As direct mail has grown as a marketing technique, so has the amount of unwanted mailing shots sent to consumers. The mailing preference service enables consumers who find such unsolicited mail an intrusion into their privacy to "opt-out" of direct-mail lists.

Positive step

The snag is that consumers have actually to take the positive step of obtaining an application form to have their name entered into the service. So far almost 15,000 people have asked to have their names excluded from mailing lists — although over 1,000 people have asked to have more mail sent to them about certain product areas in which they are interested.

Some 107 direct-mail operators are part of the service, and more are being recruited. Each member-company pays a subscription based on its annual volume of mailing — less than 250,000 mail shots a year makes the fee only £250; over 5m and the subscription is £1,000.

The service is not entirely altruistic in that direct-mail companies have a vested interest in keeping recipients of mail shots happy (otherwise they will not want to buy the product or service being offered) as well as not wanting to waste stationery and postage on people *who do not* want unsolicited mail. In addition, for every name deleted from the list, a new name can be mailed at no extra cost.

According to the information sent to consumers, deleting their names should lead to their receiving "fewer mail-order catalogues, book and record club offers, introductory offers of magazine and other subscriptions, household and garden requisites, and many other products."

It appears, however, that obscene and other offensive mail shots will not be stopped because "companies supporting the mailing preference service do not send such mailings and therefore the service cannot help."

Sir Gordon Borrie, Director General of Fair Trading, sounds a warning that voluntary control in the UK needs strengthening to avoid a statutory code of practice to respect consumer's privacy. Right, Mr Anthony Painter, director general of the British Direct Marketing Association, in favour of an international code of practice

The other key development has been the setting up of the Direct Mail Services Standards Board, an independent body with the financial backing of the Post Office.

The board has two main functions. Firstly, from June last year it started a recognition scheme for direct mail agencies. To qualify, the agency must satisfy the board that it complies with the codes of the advertising Standards Authority and provides services only to clients who subscribe to those codes and contribute to the levy imposed by the ASA board of finance to fund the system once recognised. Direct mail agencies are then able to use the board's symbol on their literature.

The test does not end there, however. Recognised agencies are then required to make annual submissions of their trading accounts for the previous year and the board can withdraw recognised status if it finds the agency does not come up to standard.

The "carrot" for agencies which became recognised is that they qualify for a refund of about 1 per cent on their annual postal bills for mail shots—a refund provided by the Post Office.

It is not only in the direct mail area of marketing techniques, however, that concern is being raised about standards. In telephone selling, a fast-growing area of direct marketing, the Office of Fair Trading has taken a close interest in the consumer problems that arise from unsolicited telephone calls.

Telephone calls

In a special survey carried out last year for the OFT, it was found that of 1,500 adults who had a telephone at home, about a fifth had received unsolicited telephone calls. Generally, it was those in London and the South—and who were in professional and executive jobs—who were more likely to have received such calls. The average number per recipient was 2.5 per year, according to the survey.

The reasons for the growth of telephone selling as a marketing technique are twofold. First, it has the advantage of being more immediate than other forms of direct marketing and also the contact between salesman and consumer can be especially useful where the consumer does not normally take the initiative—when buying insurance, for example.

The second reason is that telephone costs are cheaper than direct mailing: between 1970 and 1982, the average cost of a telephone call fell by about 17 per cent in real terms, while average postal tariffs rose by nearly 55 per cent after allowing for inflation.

The OFT would like to see companies that sell by telephone adopt a code of practice to respect the consumers' privacy, to be honest and courteous when making the call, and to give the consumer a "cooling-off" period in which to pull out of any agreement made as a result of the telephone call.

"If voluntary control proves inadequate, I will consider recommending the introduction of statutory regulations similar to those adopted in some other countries," says Sir Gordon Borrie, Director General of Fair Trading.

An international code of direct marketing practice might not be such a bad thing, according to Mr Anthony Painter, director general of the British Direct Marketing Association.

Mr Painter told last year's direct marketing conference held in Montreux that the British direct marketing industr ywas trying to harmonise its own codes of practice and self-regulatory devices. "Our task would, I believe, be much easier if we were able to claim that we were adhering to international standards for direct marketing."

However, he confessed to being pessimistic about an international code being agreed because of the rivalry between the U.S. and Europe in this area and also because the industry was too short-sighted. "It is an industry which seems to live only for tomorrow," he said. "The day after is left to chance."

Alexander Commns

Alexander Communications is based in London and not in Stockport as inadvertently stated in the Public Relations survey on April 12.

Jason Crisp looks at the dramatic effects computer developments are having on refining the industry

Technology provides an accurate marketing tool

THERE ARE some who dream of a brave new "high tech" world. In that dream we all happily indulge in "teleshopping" and "telebanking" from the comfort of our armchairs.

The "home terminal" will still resemble the commonplace colour TV but it will be used for communicating, entertaining, educating, and choosing goods, ordering them and paying for them at the touch of a button.

The visionary in the marketing department might think this would be heaven. Sophisticated powerful computers could identify with great accuracy potential customers who could be sent glittering video promotions cheaply and quickly. The customer would buy and the money would be in the bank before you could say "microchip."

Fortunately such a nightmarish dream is improbable. Nevertheless, technology already has had some dramatic effects on the techniques of direct marketing and it is also bringing new media to the art. In fact through video discs and videotex services such things are already possible on a limited scale.

Direct mail has been revolutionised by the computer and laser printing. Some 15 or 20 years ago direct mail had been done by rows of ladies at typewriters ploughing through the electoral rolls.

Sophisticated

Today there are sophisticated computer databases as broad and as narrow as you would want. Many companies offer ingenious programmes for identifying the best potential customers, bringing together for the first time a range of data from different sources. The computer, combined with an aggressive attitude on the part of the Post Office, has probably been the major reason for the success of direct mail in Britain.

The video disc and video tape recorder are quickly catching on as a major marketing tool. Even viewdata—or videotex—is at last beginning to show commercial potential. Advanced technology is already being used in a wide variety of applications, albeit on a limited scale. Significant moves include:

- Sunmed Holidays has had over 5,000 requests for video tapes of its holidays which it advertised in its brochure and colour supplements. The company now has a selection of videos on its holidays from Greek islands to skiing in the French Alps. The company is one of the first to exploit the opportunity of marketing directly to the public via video. It is a recognition that video has achieved mass penetration in the UK, which has the highest concentration of video recorders in the world—over 30 per cent of homes possess a VCR.
- International Business Machines spent £2m on a sophisticated interactive videodisc system which it hopes to sell to its 1,000 European dealers which handle its highly successful Personal Computer (PC). The videodiscs are linked to IBM PCs and can be used for training the dealer as well as a highly effective selling tool.

The programme on the disc—made by the London-based EPIC Industrial Communications—has been made so it can be used to sell to first-time computer buyer or the most sophisticated. The programmes shown on a special TV screen include slides, film, graphics, animation and text.

Using a touch sensitive television screen the customer can follow his own inquiries, with the viewer being guided by the computer. The video disc is the sophisticated Laservision system developed and made by Philips, the Dutch electricals group.

- Video disc players are also being installed in advertising agencies to give detailed information on media advertising rates by the recently-formed company Mediadisc. A number of major companies are looking at using interactive video discs for training and marketing.

The main competition is between the Philips Laservision and VHD the system developed by Victor Company of Japan (JVC) and being sold—for commercial and industrial use only—in the UK by Thorn EMI.

- The British Post Office has installed videos in 500 main post offices which advertise the services of major companies, government departments and the PO itself. The screens show a 15-minute-long programme of commercials repeated throughout the day for five weeks. The PO claims it is likely to be seen by 28m people.
- A number of retail outlets are now trying video in shops. Companies involved include Olympus, Top Shop, Woolworth, Mothercare, and Boots.
- Videos have been used by a wide range of companies to market their products in a variety of ways. These include Ford's launch of the Sierra, Anglian Windows' promotion of double glazing, Barclays selling banking services to newly marrieds, Richard Ellis promoting office developments for potential tenants, and Rentokil promoting pest control to farmers.
- In the U.S., three major companies—CBS, the broadcasting giant, IBM the computer group and Sears Roebuck the retailing group—have set up a joint venture to provide a commercial videotex service for home computer users.
- Prestel, the world's first public viewdata service which has been pioneered by British Telecom at great expense and little early success is beginning to look much stronger. A scheme run by the Nottingham Building Society which gives account holders a free Prestel adaptor and an opportunity to use it for home banking and shopping has been a considerable success. Prestel can also be used for booking theatres, and hotels and goods can be bought using the major credit cards.
- Farmers can buy raw materials for animal feeds on Prestel via a service from Mill Feed Services. Home buyers can get direct access to information on about 40,000 properties on Prestel from the National Homes Network which has over 200 firms of estate agents. The English Tourist Board is developing a system which will enable anyone with a Prestel terminal to book holidays directly in the UK.

New medium

Teletext, the broadcast service which sends pages of information has created a new medium well suited to direct selling. Again the service has been pioneered in Britain with over 1m TV sets now able to receive the BBC and ITV teletext service (Ceefax and Oracle respectively).

The new technologies and media which are becoming available for direct marketing are providing greater accuracy and greater impact, and are a long way from the image of the poorly-printed leaflet stuffed through the door.

The Post Office, which has been very successful in developing the direct mail advertising in the UK, is itself trying to exploit the new technology, with its Electronic Post service.

This is a computerised mass mailing service. Anyone using the service supplies the Post Office with the artwork for its letterheading, the text of the letter, and a computer tape with a list of all the addresses to which it is to be sent.

The Post Office's own computer sorts the addresses into post code areas and the information is sent to six regional centres based at major sorting offices. There the letters are printed by laser, put into envelopes—with up to four inserts—and fed into the first class mail system.

The Post Office move into electronically mailed letters considerably upset the traditional suppliers of direct mail services—which are also major customers of the Post Office. As a consequence the Post Office has altered the emphasis of Electronic Post away from direct mail towards being a premium service.

Growth area

Most direct mail companies, however, are using computers to offer a much more sophisticated service. The personalisation which is made possible by the computer and the much higher level of printing as a result of laser printing has turned direct mail into a major growth area.

The better printing and personalised approach has greatly improved the response rates. As the Post Office is quick to point out, direct mail is the third largest advertising medium after Press and TV. It says £342m was spent on direct mail in 1982.

New technology brings its problems, however. Michael Corby, director of the Mail Users' Association reflects: "New technology is demanding greater planning over a longer period.

"Direct marketing is an opportunistic business so there is still the question of how soon it will develop to a stage where it is realy useful. If you are involved in mailing in the old ways there was always plenty of chances to bodge things up if you have late additions. With new technology the tolerance for error is reduced dramatically."

THE POST OFFICE'S new Electronic Post Service. The computerised system is based in six centres. A sophisticated laser printer produces complete letters, including an organisation's logo. A customer sends the text of the letter and the addresses to the Post Office on a computer tape.

The PO's own computer sorts the addresses and sends the information to the appropriate centre. The letters are printed, put into envelopes and added to the first class mail. The priority service enables letters to be delivered the day after the PO receives the computer tape. The PO is now looking at ways in which the information can be sent direct from the customers' computers to its own without having to send a computer tape.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Women in business

Katie's Kitchen: serving the big chains

"WE USED to love cooking—we hate it now." So say Vivienne Flowers and Jenny Leader, founders of Katie's Kitchen, makers of oven-ready fresh foods destined for supermarket refrigerators.

It was the pizza which gave Flowers and Leader their first business success. Today they turn out 35,000 pizzas a day but this is no longer their sole product.

Katie's Kitchen is a venture that started out as a way to earn a bit of extra money while they were at home with three small children each. "We wanted to do something which would fit in with school hours," says Flowers.

Their initial investment was £100 each. Twelve years on and the turnover is about £2.5m and when their new factory is in operation they will have the scope to double their sales.

Katie's Kitchen now supplies chilled foods to many of the large supermarket chains—International, Waitrose, Tesco, Sainsburys and Safeway. The company has hit upon the one sector of the industry—fresh foods—which is expanding. Both tinned and frozen food have been static for some time.

It was Waitrose which moved the small company into the big league by asking for regular large orders to supply all its supermarkets. Until then, Katie's Kitchen had sold a variety of chilled foods—pizzas and quiches to small delicatessens.

"Waitrose forced us to raise our standards," explains Flowers. The company gradually dropped out of supplying to local shops and concentrated on its pizza product line.

To cope with its early growth a £120,000 investment was needed in product development and automated machinery. But as the company was little known both Flowers and Leader had to give personal guarantees to Lombard North Central, the finance company which eventually funded them.

Today finding finance is easier. Katie's Kitchen is investing a further £350,000 in its first purpose-built factory in Wealdstone in North London. On August bank holiday it will carry out a military-style operation to move to its new location from Wembley where it has been for the past five years.

The company plans to diversify, moving more into cooked food as well as its traditional pizza range. It has already introduced filled baked potatoes and cauliflower cheese.

On May 2 a hot "Snack in a Bap" range will be launched with various fillings.

One trend which is to the company's advantage is a broadening of British tastes. When Katie's Kitchen was at its embryonic stage the response to foreign food, especially anything with garlic in it, was often "I don't want any of that foreign muck," according to Flowers. Now a popular product is a French bread stick covered in lashings of garlic and herbs.

Both women emphasise that they set up Katie's Kitchen with no business expertise or management training. Everything has been learnt from practical experience. A loyal workforce is important and Flowers and Leader have stood alongside employees on the production line when necessary. "If a large order came in no one would go home until it was finished. The atmosphere was great," says Leader. Several people who joined the company on its first day are still there.

Roger Taylor

Jenny Leader (left) and Vivienne Flowers: 35,000 pizzas a day

Even while the company was growing, commitments at home were still fulfilled: "We didn't want the home to take a back seat." Usually they managed to work to school hours but inevitably it became more difficult. The only thing that Leader regrets now that work has taken over the greater part of her day, is "I haven't got a wife to come home to."

Flowers finds it strange that there are so few women running food companies since it is "an ideal business for a woman." She has never found any discrimination: quite the reverse—many people have gone out of their way to help.

"It's too late now to come into the business as we did without any money," maintains Flowers. The reason is that the food business is now more involved in high technology with automated machinery and higher standards of hygiene. Still, she does not want to deter the entrepreneurial spirit and advises would-be businesswomen: "You have to believe in the product and be enthusiastic. You have got to have a lot of confidence and be very determined as you are going to face a lot of disappointment."

Elaine Williams

A voyage of self-discovery

"WITH TWO small children—one aged three years and the other 18 months—I wanted to work from home and fit them into my life a bit more," explains Joanna Kissin. "But as a company person that is just not on."

Like many career-minded mothers, Kissin faced this dilemma recently when she was publicity officer for the Music and Arts Department of the BBC. Since taking the plunge four months ago and setting up her own public relations consultancy, however, she appears to have achieved both an ideal compromise between family and job and business success well beyond her initial expectations.

With the end of her first accounting period looming up, for example, she reckons she now earns more working three days a week self-employed than she did working five days a week for the BBC.

"I was not motivated primarily by an over-riding desire to be in business for its own sake," she says of the change. "I just wanted to work on my own terms. One reason was to see more of the children but I also felt I had reached a plateau in my job. When somebody told me that I could do it standing on my head I realised I ought to be doing something else."

Ten years in television and the arrival of Channel 4—not to mention cable and satellite on the horizon—suggested there was a good market in specialist PR on the outside.

Discussing her first steps into self-employment, Kissin says she has been surprised by the number of approaches and enquiries she received after advertising in the trade press. She started, of course, with lots of contacts and no clients but had no idea of the likely response. "People don't realise that if you go on your own there is a whole world out there waiting for you."

Self-employment, moreover, has been a voyage of self-discovery. "It has brought out skills and qualities I didn't know I had in me," she explains. "You can be very complacent as an employee but when you're on your own, especially in this business, you have to give more than 100 per cent each day. What's more, you're only as good as your last job."

Her first five clients include a TV production company making a Channel 4 series, the London Mozart Players (undergoing a change of image under its new artistic director, Jane Glover), another PR company (for which she is TV consultant) and Live Music Now, Yehudi Menuhin's scheme for encouraging young musicians. "The PR company, for example, asked me to do a feasibility study—something I'd never done before. I took a big gulp, discovered that I had the inside knowledge and ability to do it and found the experience very satisfying."

Kissin intends to expand gently, deliberately shunning the plush office, high overhead image of many PR firms. The indispensable answering machine, an electronic typewriter and numerous directories are her only items of capital expenditure so far. "The plan is to walk before I can run," she says. She has no desire to move into other types of PR but could combine with another, like-minded individual if the business gets significantly bigger.

Tim Dickson

Small business abstracts

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 13, Wembley HA9 8DJ.

Life-cycle changes in small family businesses. R. B. Peiser and L. M. Wooten in Business Horizons (U.S.), May/June 1983

Examines difficulties family businesses face in coping with growth and expansion; discusses the characteristics of small family firms; suggests that a "life-cycle crisis" occurs when the founding and second generation goals collide; analyses "management" and "family" issues leading up to a crisis and advises on resolution.

Managing stocks in a small business. L. H. Beard and others in Business (U.S.), April/June 1983

Describes different types of stock holdings, and related control systems, explains the calculation of holding levels, and suggests strategies to increase profits.

Developing graduate skills. Industrial Society (UK), September 1983

Outlines the objectives of the government-sponsored Teaching Company Scheme—to develop young graduates for careers in industry, improve manufacturing through its use of academic knowledge/advanced technology, and increase industrial/academic collaboration by providing reasearch projects. Describes how it works, and the benefits it provides for participants, particularly smaller firms.

Internal theft reduction. W. A. Formby and V. L. Williams in American Journal of Small Business (U.S.), Summer 1983

Discusses types and methods of internal theft and argues that, since it is a frequent cause of small firm failure, it warrants closer management scrutiny despite the view that losses are inevitable and tighter controls cumbersome/expensive; contends that employee selection is the first line of defence, and outlines ways of recognising employee dishonesty.

Pensions. J. Prett and others in Accountancy (UK), July 83.

A six-short-papers review of the pension scene, with particular emphasis on the effect on employees of job mobility, and on the position of working directors of smaller companies.

'Brain drain' hits ICFC

BY TIM DICKSON

ICFC, the UK's best known provider of long-term finance for small companies, is suffering from its own "brain drain."

The boom in venture capital — inspired partly by the Business Expansion Scheme (BES) — has created new opportunities for UK-based investment managers with the right skills and has precipitated a rash of departures over the past 18 months from ICFC's regional offices and London headquarters.

Four ICFC managers for example, have left to run funds set up under the BES, while a further two have gone to develop venture capital activities for other major City of London institutions.

Publicly ICFC is philosophical about the defections and claims that they are a reflection of its own expertise and position in the marketplace. Privately, however, senior executives of Investors in Industry (ICFC's parent) are extremely worried by the drain on middle management talent and the gaps in experience which have been created.

The latest ICFC executive to be tempted away is Donald Workman, until last week the manager of ICFC's London East office. A full announcement is expected tomorrow that Workman is to be managing director of the new Castleforth Fund, another BES fund set up this time by the Royal Bank of Scotland, stockbrokers Laing and Cruickshank and the Scottish Northern Investment Trust.

Castleforth, which is looking for up to £3m from private individuals to invest in unquoted companies, will be the third new BES fund announced for the 1984/85 financial year. But it is believed to be the first without a 1983/84 predecessor Many of the subscriptions are expected to come from private clients of Laing and Cruickshank, the Royal Bank and Paull & Williamsons, the Edinburgh solicitors who manage the assets of Scottish Northern, but Castleforth will also be marketed nationwide.

It will be based in London and will be seeking to invest between £100,000 and £250,000 in qualifying UK businesses for up to 25 per cent of the enlarged share capital of the companies concerned.

Robert Smith

Ironically, the brains behind the initiative is Robert Smith, a general manager of the Royal Bank but ICFC's assistant general manager until he resigned 18 months ago to take up his present post. Smith, who is managing director of the bank's corporate finance subsidiary, has 15 years' experience in the assessment of venture capital proposition, management buyouts and share reconstructions.

Workman, meanwhile, is leaving a safe and highly paid job at ICFC to confront the brave new world of the BES. (He will start on a lower salary but will have a direct share in the options which the managers of the fund will be alllowed to take in investee companies). "After so many years of helping other people to do their own thing and build up their company, I just wanted to see if I could do it myself," he explained yesterday.

Other ICFC "alumni" currently making their mark with BES funds are former Leeds manager Barry Anysz, now chief executive of Yorkshire Capital Ventures; Paul Brooks, formerly ICFC Nottingham, now with Charterhouse Business Expansion Fund; and Dr Richard Hargreaves, formerly ICFC London, now Baronsmead Business Expansion Scheme. In addition, Robert Drummond, another assistant general manager is about to leave to join a venture capital partnership and Jeremy Hayward (ex ICFC (Edinburgh) has gone to help develop the venture capital activities of bankers N. M. Rothschild.

THE ARTS

Così fan tutte/Covent Garden

Max Loppert

The ways of our Royal Opera are strange indede. The latest revival of its 16-year old Così, which began last Thursday during a week of Midland Bank-sponsored Proms, is a case in point. All six singers are new to their roles in this house, though practised in them elsewhere (only Benjamin Luxon was essaying Guglielmo for the very first time); they formed, in essence, an attractive sextet, not perhaps naturally adapted to the kind of seamless blend that ideally suits this most limpid and beautiful of vocal divertimentos (which is what this extraordinary opera must also be accounted), but with distinct and—even in the sad conditions in which they were actually presented on this occasion—evident potential.

Having done so, the artistic administration then elected to torpedo virtually any hope of realisation of that potential by offering the conductor's post to Christoph Eschenbach. If the programme biography contains a full list of the renowned pianist's previous engagements, this is his second operatic assignment (the first was a *Traviata* in Darmstadt). The one point upon which an otherwise stylistically ragbag performance was united throughout the evening was Mr Eschenbach's utter readiness for such an opera in such a house. Put simply, he lacked the technical control to bring off his interpretative ideas: and as a result those ideas—extremes of tempo were their most notable mode of expression — seemed in almost every instance ill-judged, jejeune, and unforgivably tedious, while often (as in an agonisingly slow "Per pieta") stretching the singers on a rack of discomfort.

This was disheartening enough. But the John Copley production, which even in pristine estate was ever ready to indulge in an excess of comic manoeuvres, has in Christopher Renshaw's care collapsed to its lowest level yet of gross high jinks; and in sum, with the disrepair of Henry Bardon's sets all too nakedly apparent, an opera that can seem to touch the highest and most mysterious pinnacle of the art was made to come across nearly as devoid of shaded meaning and emotional complexity as the music would (even in these unhappy circumstances) permit. My heart went out to the singers, for I know how much more each one of them could have been encouraged to give; as it was, only the Alfonso of the distinguished Italian veteran Rolando Panerai, not always absolutely in tune but still ripe of tone and still savoury and stylish in utterance, could at all be judged a fair specimen.

For the record then: Luxon bellowed and capered, Lillian Watson took the most obvious, common view of Despina and with great energy slammed it out into the house, the Dorabella of Ann Murray (from whom one particularly expected more seemly demeanour) was resolute in maintenance of an irritating skittishness. In a strong, proudly sustained "Tradito, schernito," Francisco Araiza made some amends for the colourlessness of his Ferrendo earlier, and for the vocal flecks (such as the ho-ho-ing of every patch of semiquavers) upon a suave, well-tuned line.

Elizabeth Connell has ti in her to present a Fiordiligi of a quite different stamp from previous Royal Opera incumbents—grand, dramatically heightened, voiced on the proudest classical scale. We were allowed more than a hint of this in "Come scoglio," but as the evening progress and the call for subtlety became more imperative, Miss Connell's newly acquired distinction of bearing appeared to leave her and a host of fidgety mannerisms from the past returned to take its place.

Mahler & Strauss/Festival Hall

Dominic Gill

Last Thursday's concert was a triumphant finale to the Philharmonia's "Mahler, Strauss and their influence" series under Simon Rattle. The series as a whole, indeed, has been a double triumph: for the Philharmonia, unarguably confirmed once more as London's leading orchestra; and for Rattle himself, who has proved that if he is not yet a great conductor (the title is not so early or so easily earned), he is already a conductor in whom the sparks of greatness are perceptibly alight.

There was no Strauss in this final programme (the series title has in any case been more of an excuse than a theme). And any excuse at all was good enough for such an opening account as Rattle gave of Webern's Six Pieces for Orchestra op 6—the evening's catalyst, alive with electric currents, crafted with the utmost delicacy and clarity, one of the most magical Webern performances that I can remember. The tiny fragment of the third piece was a marvellous distillation, rarely so exactly caught; the miniature funeral march, sepulchrally dark, was truly terrifying at its climax.

The American mezzo Florence Qivar was not the ideal soloist in Berg's Seven Early Songs: a ripe, sonorous voice that promised well but in musical delivery was curiously unfocused, unpoised. Diction was poor; words generally were unrelished, unpointed; the emphasis was everywhere general rather than particular and precise. The orchestral playing, however, was so fine, as it was also in Mahler's *Das Lied von der Erde* after the interval, that one could forgive without too much difficulty the expressive shortcomings of Miss Quivar and of John Mitchinson who joined her. Their singing, merely adequate, made small impression; instrumentally — above all in the long drawn out paragraphs of the last song, where the thread can so easily run slack — *Das Lied* was magnificent.

Texaco/NYT play competition

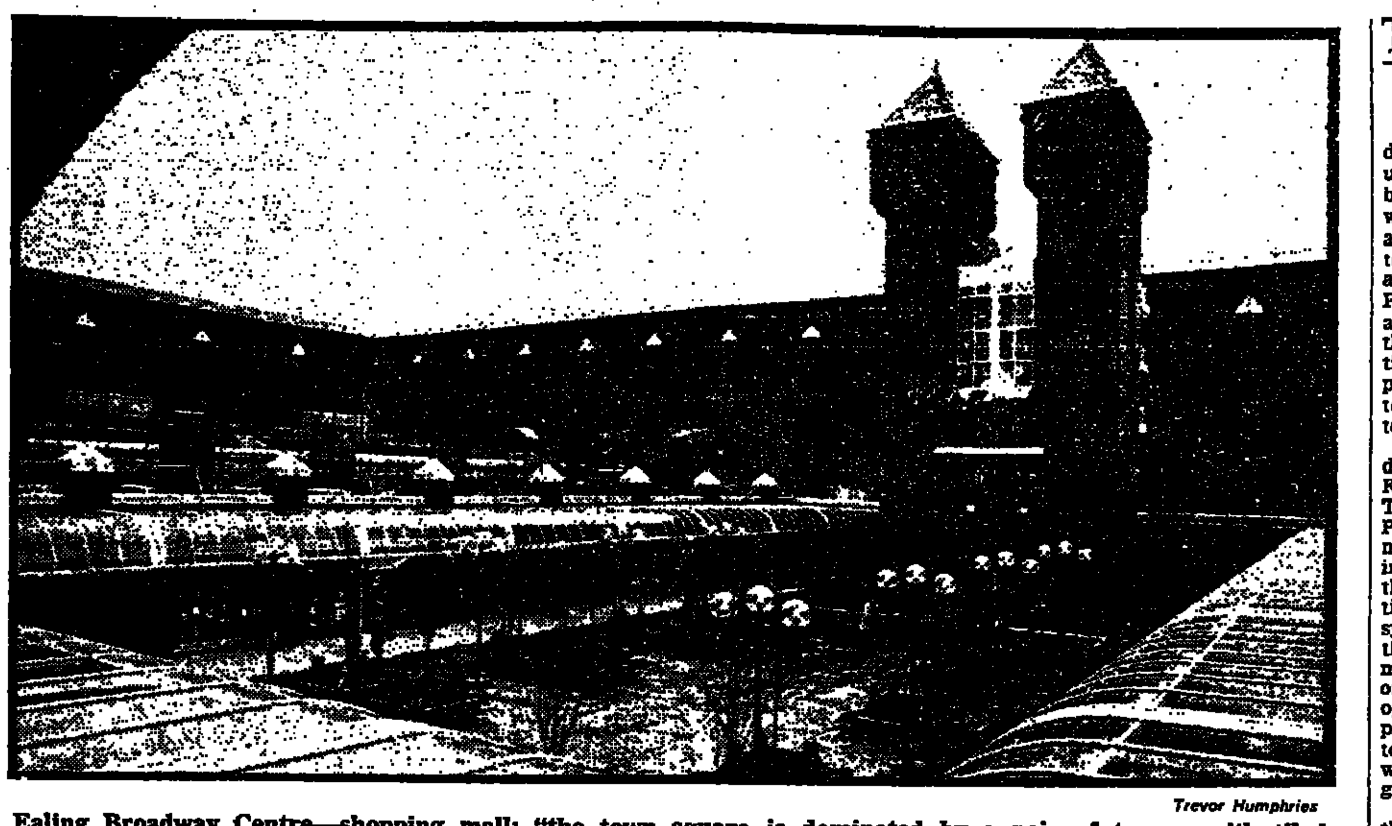
The largest first prize in any British playwriting competition —£3,000—is being offered by Texaco in conjunction with the National Youth Theatre of Great Britain. The competition, now in its second year, aims to encourage new writing for young people and is an extension of Texaco's general sponsorship of the National Youth Theatre.

The first prize of £3.000 also offers production of the work as The Texaco Play in the National Youth Theatre's 1984 summer season. Second prize is £2,000, third prize is £1,000, and a special prize of £500 will be awarded to the most promising writer under the age of 21.

The judges' panel will consist of Michael Croft, Director of NYTGB, Michael Coveney, drama critic, Financial Times, Bryan Forbes, Diana Quick, Charles Sturridge and Simon Ward.

'Roza' opens in June

The new Harold Prince musical Roza opens at the Adelphi Theatre in London on Tuesday June 26. With book and lyrics by Julian More and a score by Gilbert Becaud, it will be directed by Harold Prince and will star Georgia Brown.



Trevor Humphries

Ealing Broadway Centre—shopping mall: "the town square is dominated by a pair of towers with tiled pyramid roofs."

Architecture

Colin Amery

Pilgrims, come to Ealing

Ealing, in West London, is likely to become a place of architectural pilgrimage. It has always been on the route of all those who appreciate the work of John Soane, who built there his own villa Pitzhanger Manor, at present the public library. There are other architectural pleasures — a powerful brick 1860s rebuilding of the parish church of St Mary by that rogue architect S. S. Teulon, and a series of agreeable Georgian and early 19th century classical houses by the green. But now there is something quite remarkable to see that is almost completed.

At the very centre of the suburb lie 12 acres of shopping and office premises, what used to be called in the 1960s, "a central area redevelopment." Immediately the mind's eye has a picture of the concrete layers of a multi-storey car park, the ugly roof line of water tanks and unconcealed services, and the monotonous mediocrity of the system built centre full of dull shops.

Imagine instead a brick citadel, high walled with soaring towers reminiscent of Carcassonne as restored by Viollet-le-Duc. This is the distant picture of the new Broadway Centre at Ealing designed by Building Design Partnership for John Laing Development Services, the London Borough of Ealing, Legal and General Assurance and the Land Securities Investment Trust. When you approach closer to the new heart of Ealing it is detailed and designed in a way reminiscent of a Victorian building by Alfred Waterhouse, boldly scaled and clearly ordered with a hierarchy of comprehensible spaces.

The history of this successful conqueror of the developers' squalor of the 1960s is a revealing story. It tells of the power of the local residents; it reflects the disatisfaction that prevails with mechanistic architecture; and culminates in a powerful new structure that inspires respect and admiration.

It was the local pressure groups who decided in the late 1960s that they did not want motorways and tower blocks in the heart of Ealing. Up to seven local groups campaigned instead, "to put the heart back into Ealing." In the late 1970's, at a public inquiry into proposals by Grosvenor/EMI for a commercial and shopping centre, the only supporters were the paid witnesses.

Ealing's protestors were not simply negative. They produced credible alternative proposals. They made an audio visual presentatiton that extolled the qualities of the suburb, displaying its Edwardian character and green spaces. After the 1978 inquiry a developers' competition was held and firmly stated in the brief was the insistence that the winning scheme would be the one judged to be most in keeping with the character of the borough. When the Building Design Partnership/John Laing scheme was declared the winner it was greeted with long and loud applause by the Ealing Civic Society. How rare a thing it is — a new, large building that is actually loved.

What is particularly rewarding about the Ealing centre is that it has successfully smothered that old jinx—that to be economically viable a new building must be devoid of decoration, colour and form. At the heart of the centre is a Town Square from which the great variety of architectural treatment can be seen and enjoyed. Commerce and creativity have combined to banish the curse of concrete and the anonymity of abstraction.

It is a complex project. As well as shopping the centre includes offices, housing, a public library, a squash club and a considerable quantity of servicing and car parks. The architectural treatment of this disparate range of uses has been to use a language and the materials that evoke a substantial civic presence. This is not a modest creation. To satisfy the local residents' demand for an expression of the architectural character of the Borough the architects have aggrandized the essential Ealing elements. The Town Square is dominated by a pair of towers with tiled pyramid roofs. Suddenly we are in Nuremberg. The sports club, along one side of the square, is like the prow of a Victorian pier but topped by a Prudential style roof. To fit in with the surrounding streets the office façades have elaborate bay windows; they are built of reconstructed Portland Stone with gables and hipped dormer windows and slate roofs.

Like the Hillingdon Town Centre (by Robert Matthew, Johnson-Marshall and Partners) Ealing is the style of the suburbs writ large.

Is this new architecture a kind of fancy dress? Is there something not quite straightforward about the draping of contemporary commercial activities in a cloak of historical styles? I think the Ealing Centre is more inventive than that. It has faced up to the problem of making large scale uses fit into the suburban fabric. It succeeds with drama and toughness without causing any alienation.

It is sad that the centres of Birmingham, Bristol, Glasgow and so many other towns that suffered the scourge of the '60s, were not treated with the same degree of care. What Ealing proves above all other things is that local vigilance and a good architect can work wonders.

(The design of The Broadway Centre is by Building Design Partnership, partner in charge Keith Scott.)

Abbado's Ninth/Festival Hall

Max Loppert

The London Symphony cycle of Beethoven concerts under Claudio Abbado came to sudden splendid life, last Sunday, during the third and fourth movements of the Ninth Symphony. The preceding parts of the concert had not prepared one for ths, Abbado's Eighth Symphony was fluent, lithe, well - sprung but essentially devoid of wit, of new vistas opened up in surprises of detail (the repeated descent to a low C sharp in the course of the finale, one of the most glorious inventions of Beethoven symphonic drama, slipped down each time as smoothly as fine milk chocolate). The big orchestra was perhaps more apposite here than in the Second Symphony, last week, but the want of a properly classical dimension, in more than one sense, remained implicit therein.

The first two movements of the Choral Symphony attained to greater power of statement—the opening was keyed-up with dramatic portent, and though in the imperious return of D minor later on the tug-of-war between bass and treble lines of thought was obscured by over-active timpani, the distance between sincere exactitude of execution and genuine Beethovenian fire began to seem less awkward for conductor and orchestra to cross. But nothing in the Scherzo quite prepared one for the flowering lyricism of the slow movement—one of those rare moments in the concert hall when almost everything falls into place, where the simple eloquence of melodic utterance is provoked by no metaphysical hand-wringings of the music, but which achieves the illusion, precious in this symphony above all, that Beethoven is being allowed to speak for himself.

Though Abbado, in headlong urgency, sometimes forced the ensemble of the Finale opening statements (the double bass and cello recitative was each time a scramble), this illusion persisted, with rewards of noble excitement showered back from each passing page. This was the conductor transfigured, the incandescent Abbado remembered from the opera house but seldom encountered in the concert hall; and the result was a glowing, exhilarating climax to the work rather than merely the usual enthusiastic tumult. The LSO Chorus provided heroic quantities of bright, unstrained tone; three members of the current Royal Opera *Così* cast, Connell, Araiza, Luxon, all in wonderfully improved form, came together with Alfreda Hodgson to form a solo quartet of rare excellence—Mr Araiza in particularly, thrillingly bold, was unrecognisable as the rather wishy-washy Mozart tenor of three nights earlier.

Turandot/Theatre Royal, Glasgow

Max Loppert

The new Scottish Opera production of Puccini's last opera, unveiled last night, is a massive bout of producer's ego-tripping weakly disguised as a profound and innovative attempt to get to grips with the creator as well as the creation. This is Tony Palmer's first opera production; and in it he has taken some of the biographical method practised in his (wildly overpraised) composer portraits for television to an absurd and contemptible artistic conclusion.

The thinking behind the production was revealed, Sara Keays-fashion, only to The Times, which printed Mr Palmer's apologia yesterday morning. (It appears nowhere in the company's own guide to the opera, which gives an entirely conventional *Turandot* synopsis — did no one at Scottish Opera actually consider the mystification that might descend on the poor newcomer to the opera who hadn't seen the newspaper and who was attempting to square what was seen with what was read in the programme?)

Basically, it runs in summary thus. In 1909 the Puccini household maid Doria Manfredi was hounded to suicide by the composer's wife Elvira, who accused her of being one of the composer's many infidelities. The central triangle of an opera that cost its composer greatest toil (and which, of course, he died leaving incomplete)—that of amorous prince, icy empress, and self-sacrificing slave-girl—affords notable parallels with this slice of Puccini biography. (Mosco Carner, in his celebrated study, has outlined them with illuminating percipience.) Why not go a stage further, and re-work *Turandot* the opera to disgorge that slice of biography as well?

The reason for not doing so is made plain in the actual experience, which amounts to a monstrous impertinence, and also to an act of artistic misconstruction on a truly mind-boggling scale. What we see—Puccini's Torre del Lago hunting lodge and life implanted on the opera, Liu as Doria, Turandot as Elvira, and the minor functionaries and chorus got up in various Sino-Tuscan combinations—makes in any cumulative reckoning for nonsense in the strictest understanding of the word. Nothing actually fits, or takes dramatic life as an actual act of music-theatre. Only a performance given in the original language rather than that of the audience could have hoped to get away with sustaining this level of nonsense; and at the close, when the Alfano ending is jettisoned and the "Non piangere Liu" section stuck on to provide the finale, that level of nonsense reaches its peak.

This is, apart from anything else, a terribly boring *Turandot* —the effect of fitting it together has required the production to be delivered in near-oratorio stasis, and what one is used to thinking of as an opera of repellently calculated theatrical brilliance is denuded of almost all that theatricality. The pity is that in musical terms the performance might have given the basis for a more than respectable "real" *Turandot*. The last-minute indisposition of Linda Esther Gray was a disappointment substantially made good by Ludmilla Andrew's highly professional account of the title role, honestly sung, and uttered as though the words could actually mean something to the audience. Eduardo Alvares's Calaf, not always steady in high phrases, is strong, musical, and dignified in Puccini's characteristic dressing gown, cravat, and moustache. Marie Slorach's Liu-Doria is very touching, though last night she could not quite spin her tones out; and the lesser roles, led by Willard White and Alan Oke, are soundly filled.

In the pit, Alexander Gibson conducts an account of the music a little short on forward projection but full of appreciation for the richness of the scoring and the melodic invention. It was hard, though, to understand how he could have permitted Mr Palmer and his "sound-designer" (horrid term!) to usurp his and Puccini's proper functions by extrapolating parts of the choral and instrumental texture for amplification all over the theatre. The effect was laughably crude, though it chimed well enough with the work of the producer, who seems at bottom not to have responded to the score at all.

Passion Play/Wyndham's

B. A. Young

Basically this is an old fashioned piece about a mature married couple and an Other Woman. What Peter Nichols has done to it is to divide his two principals into ego and id. James is Leslie Phillips, decently dressed, decently behaved, offering what I've long wanted to see, the admirable style with which he can play a serious part. Jim, on the other hand, is Barry Foster, tie-less and untidy, with tight blond curls.

James has been married for a quater of a century and is flexing his 25-year itch with Kate, a girl younger than his own daughters, Heather Wright as bright as her costumes. His affair is suspected, then detected ,by his wife Eleanor — Judy Parfitt as serene and respectable as Mr Phillips, alias Nell, Zena Walker, more easily excited ,and bearing a significant resemblance to Kate.

The two pairs divide their respective dialogue between them, sometimes with both halves of the character on stage together, sometimes only with that half appropriate to the current behaviour. The effect is sometimes oddly reminiscent of O'Neill's *Strange Interlude*, with words and thoughts consecutive. It is certainly effective for the most part, but I confess that I grew tired of it after a time, and thought wistfully how things would go if the egos and the ids had been combined—especially as there were occasions when I wasn't quite sure that the right half had been given the lines.

But approve the system or not, the playing of all five characters is delicious. There is no attempt to impose any similarity on the separate fragments, who appear like pairs of players playing the same parts simultaneously. Besides the eight actors required to fill out parties, the only other significant individual is Patricia Heneghan as Agnes, whose husband was lured from her by Kate before, on his death, she turned her tireless attention to James. The production, which makes use of a set with a revolve and other mechanical aids, is by Mike Ockrent, and the set design ("very Habitat," said my neighbour) by Martin Johns. No credit is given for the fortissimo choral music that divides the scenes.

GLC's May Day music

Music stars of the Sixties including The Searchers and The Swinging Blue Jeans will be participating in the Greater London Council's free festivals to celebrate May Day.

The first festival is at Victoria Park, Hackney, on Sunday May 6. It will feature music from Dave Berry and The Swinging Blue Jeans. On May 7 there are festivals at Burgess Park, Southwark, and Lampton Park, Hounslow.

Arts Guide

April 20–26

Music

VIENNA

Vienna Symphony Orchestra, conducted by Heinz Wallberg. Schubert, Mozart, Brahms, Strauss, at the Musikverein Brahms Saal. (Mon). (658190)

Lieder Evening: John Shirley-Quirk, Sara Watkins, Martin Isepp, piano. Busoni, Poulenc, Britten, Trubitt. Konzerthaus, Mozart Saal (Tue). (721211)

LONDON

St George's Day concert with BBC Concert Orchestra and Leicester Philharmonic Choir conducted by Ashley Lawrence. Programme of English music. Royal Festival Hall (Mon). (928 3191)

Royal Philharmonic Orchestra conducted by Norman del Mar with Philip Fowke, piano. Tchaikovsky, Rachmaninov, Elgar and Ravel. Barbican Hall (Mon). (638 8891)

London Symphony Orchestra conducted by Claudio Abbado with Maurizio Pollini. Beethoven. Royal Festival Hall (Tue)

Kyojim Mori, cello and Yasuko Katayama, piano. Beethoven, Schumann, Cassado and Dohnanyi. Purcell Room (Tue). (928 3191)

Royal Philharmonic Orchestra conducted by Yehudi Menuhin with Claire McFarlane, violin. Beethoven, Vaughan Williams and Sibelius. Barbican Hall (Tue)

London Mozart Players conducted by Harry Blech with Tomotada Soh, violin and Ifor James, horn. Haydn, Schumann, Weber and Dvorak. Royal Festival Hall (Wed)

London Symphony Orchestra: Ballet music introduced and conducted by Antony Hopkins with Marguerite Porter, soloist of the Royal Ballet. Barbican Hall (Wed)

Philharmonia Orchestra conducted by Nicholas Cleobury with Paul Coker, piano. Nicolai, Bizet, Grieg and Tchaikovsky. Barbican Hall (Thur)

English Chamber Orchestra conducted by George Malcolm, harpsichord with José-Luis Garcia, violin and William Bennett, flute. Bach. Queen Elizabeth Hall (Thur). (928 3191)

PARIS

Ensemble Vetera et Nova conducted by M. Sanvoisin: Lully-Motets for three women's voices and instruments (6.30 pm and 9 pm Tue). Billettes Church, 24 Rue des Archives, Metro Hotel de Ville.

Musique Suisse de Femmes Compositeurs. International Chamber soloists: Kazandjian, Peyrot, Roesgen-Champion, Zimmermann (Tue, Wed) Salle Gaveau. (563 2030)

Ircam – Ensemble Intercontemporain conducted by Gianluigi Gelmetti: Castiglioni, Donatoni, Ferrero, Stravinsky (Thur). Théâtre du Rond-Point. (256 7080)

Chamber Music – Deller Consort conducted by Mark Deller: Europe's 1500-1700 courtly music, madrigals, songs, theatrical arias (Thur). Radio France. Grand Auditorium (524 1516)

WASHINGTON

National Symphony (Concert Hall): Andrew Davis conducting, Elmar Oliveira, violin, Vaughan Williams: Mozart, Schumann (Tue, Weds mat. Thur). Kennedy Center (254 3776)

NEW YORK

New York Philharmonic (Avery Fisher Hall): An elbow operation has sidelined Zubin Mehta for six weeks. Conductors to be announced for regularly scheduled programmes. All-Brahms programme with Marvis Martin, soprano; Thomas Allen, baritone; Westminster Choir directed by Joseph Flummerfelt (Tue); All-Brahms programme with Isaac Stern, violin (Thur). Lincoln Center. (874 2424)

Carnegie Hall: National Orchestra of New York, Alvaro Cassuto conducting, Abbey Simon piano. Liszt, Rachmaninov (Tue); Boston Symphony. Seiji Ozawa conducting; Ivo Pogorelich, piano. Tchaikovsky, Shostakovich (Wed, Thur). (247 7459)

Merkin Hall (Goodman House): Charles Libove violin and Nina Lugovoy piano recital. Britten, Beethoven, Mozart, Poulenc (Tue); Tremont String Quartet. R.M. Schafter, J. Willey, B. Johnston, Marc-Antonio Consoli (Wed); Victoria Vesell, piano, 18th & 20th century keyboard music (Thur). 67th W of Broadway (362 8719)

ZURICH

Tonhalle: Tonhalle Orchestra conducted by Raeto Tschupp. Beethoven's Missa Solemnis (Thur). (221 2283)

Opera and Ballet

PARIS

Massenet's Werther conducted by Georges Pretre in Florence's Teatro Communale production, with a superbly sung title role by Alfredo Kraus, admirably partnered by Lucia Valentini-Terrani as Charlotte, Gino Quilico as Albert and Christine Barbaux/Marie-Christine Porta as Sophie; alternates with Mussorgsky's Boris Godunov, conducted by James Conlon, with Nicolai Ghiaurov in the title role, Martin Mahe as Fiodor and Marie-Christine Porta as Xenia, at the Paris Opera. (742 5750).

Bill T. Jones – Arnie Zane and Company, the next wave of American modern dancing at the Théâtre de la Ville. (274 2277).

Serapion's Theater: Double and Paradise – an unexpected Austrian spectacle full of imagination at the Théâtre de Paris (280 0930).

Paris Operas Ballet Stars Rudolf Nureyev, Patrick Dupond and Claude de Vulpian and ballet corps at the Théâtre des Champs Elysées. (723 4777).

LONDON

Royal Opera, Covent Garden: Così fan tutte returns with a cast entirely new to the house, and very interestingly chosen – Elizabeth Connell, Ann Murray, Lillian Watson, Francisco Araiza, Benjamin Luxon, Rolando Panerai, and pianist Christoph Eschenbach in his British opera-conducting debut. (240 1066)

English National Opera, Coliseum: Verdi's Sicilian Vespers, a Parisian product of his middle years and until recently one of his most unjustly neglected works, joins the ENO repertory in a production (borrowed from Paris) by John Dexter and conducted by Mark Elder; the cast is at the house's full strength – Rosalind Plowright, Kenneth Collins, Neil Howlett, Richard Van Allan. The Rosenkavalier is notable for one of the most striking female trios in the production's nine-year lifespan – Josephine Barstow, Anne Dawson, Sally Burgess – a distinction of casting sufficient to outweigh the weaknesses of conducting (Friedrich Pleyer) and ensemble also in evidence. (836 3161)

WEST GERMANY

Berlin Deutsche Oper: A new production of Pelleas und Melisande produced by Götz Friedrich has Karen Armstrong and Ryland Davies in the leading roles. Lohengrin and Der Fliegende Holländer are also offered this week. The latter has Donald McIntyre in the title role. Don Pasquale has been highly acclaimed with Karin Ott and Barry McDaniel. (34381)

Hamburg, Staatsoper: Der Troubadour highlights the week with Leo Nucci and Jelena Obrazowa. Der Barbier von Sevilla has Alicia NaFé as Rosina and Richard Curtin as Basilio. Die Meistersinger von Nürnberg is produced by the controversial Herbert Wernicke, and has Wagner specialists Hans Sotin, Halrad Stamm and Robert Schunk. (351151)

Frankfurt, Opera: Parsifal has Walter Raffeiner in the title role. Nelly Miricioiu does justice to the title role in Manon Lescaut. Madame Butterfly is conducted by the talented young American Judith Somogi. Ferrucio Busoni's rarely-played Doktor Faust rounds off the week. (25621)

ITALY

Milan: Teatro alle Scala: Verdi's I Lombardi alla prima crociata conducted by Gainandrea Gavazzeni and directed by Gabriele Lavia; La Strada, choreography by Mario Pistoni and Music by Nino Rota, with Carla Fracci. (809126)

NEW YORK

American Ballet Theatre (Metropolitan Opera House): The eight-week spring season starts with a gala premiere of Mikhail Baryshnikov's Cinderella, choreographed by Baryshnikov and Peter Anastos. Other premieres include works by Twyla Tharp and Martine van Hamel. Natalia Makarova's new staging of Paquita and company premiere of Sir Kenneth MacMillan's Triad. Company favourites in the repertory include Swan Lake and last year's premiere, August Bournonville's La Sylphide. Lincoln Center. (580 9830).

WASHINGTON

Metropolitan Opera (Opera House): Lthe hundredth annual spring tour starts with a fortnight's programme of seven operas, including Francesca da Rimini conducted by James Levine with Renata Scotto and Placido Domingo; Rinaldo, conducted by Mario Bernardi with Marilyn Horne; Thomas Fulton conducting Ernani with Ermanno Mauro in the title role and Jon Vickers in the title role of Peter Grimes conducted by David Atherton. Kennedy Center (254 3770).

Praise the frame/Amsterdam

Rob van Mesdag

Constantijn Huygens, the 17th century writer and poet, considered a picture and its frame to be one integral unit, the two complementing each other. Words to this effect provide the title, "Praise the Frame," of an exhibition of picture frames in Amsterdam's Rijksmuseum until July 1.

This means, by inference, that any removal of an original frame from its painting and its replacement by another, would be unnatural, not to say wrong. Yet this is precisely what has happened since Huygen's day. So strong have been the influences of fashion and the personal preferences of private collectors and museum directors, that the majority of 17th century pictures have been given new frames.

Even the Rijksmuseum has been guilty, but now the tide has turned. In fervent pursuit of authenticity, Rijksmuseum staff have been scouring the country for whatever 17th century pictures in original frame remain. Of the 450 located, as well as 150 frames without pictures. 100 are on show.

On entering the exhibition it seems strange to be advised to concentrate one's attention on the frames instead of on the pictures. But the message is abundantly clear, thanks to the variety of frames, to sectional drawings of each type – dish, flat, ogive, concave, reverse – and the exuberance of those frames around pictures commissioned specifically to fit above a mantlepiece or on some wall. Most frames in the exhibition are of ebony, reflecting the wide use of this wood for framing in the 17th century, imported from Dutch colonies.

During the second half of the century a fashion developed for frames to be embellished with sculpture work, usually gilded. A grisaille, "The Battle at Livorno" by Willem van de Velde the Elder, has a frame in which fashions have merged. Its ebony frame is decorated with gilt limewood attached along the top and bottom.

Most impressive, although not necessarily representative of the period, is the frame around the painting of a sea battle of Blanckerhoff. The sculptor was Johannes Kinnema, who incorporated in the frame almost every item of fighting equipment and every navigational instrument in use at the time. He was awarded a bonus of 100 guilders, above his fee of 475 guilders, in appreciation of the work which had taken him one and a half years.

The catalogue, in Dutch, gives a detailed account of the research undertaken by the Rijksmuseum to locate, record, evaluate and describe frames of 17th century Dutch paintings – the first study of its kind, which increases considerably the information available on this still little-known subject.

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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
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The rules of diplomacy

THE SIEGE of St James's Square, outside the Libyan Embassy in London, ought to be over by the beginning of next week. In the circumstances, the British authorities have behaved promptly and correctly. As might be expected with a lawyer at the head of the Home Office and another as Foreign Secretary, the decision to break off diplomatic relations with Libya and the manner of doing it are entirely in line with the Vienna Convention of 1961.

Article 9 of that document makes it clear beyond doubt that the host state may declare at any time a foreign diplomat *persona non grata*. Paragraph 2 of the same article goes on: "If the sending state refuses *or fails within* a reasonable period to carry out its obligations under Paragraph 1, the receiving state may refuse to recognise the person concerned as a member of the mission."

The shooting in St James's Square took place a week ago. To give those inside the Libyan mission a deadline of next Sunday to leave must constitute a reasonable period.

The Vienna Convention lays stress on diplomatic privileges and immunities. Article 41 says, however: "It is the duty of all persons enjoying such privileges and immunities to respect the laws and regulations of the receiving state." The evidence does not suggest that British laws and regulations have been always respected by members of the Libyan mission—with or without diplomatic status. In effect, they are being offered the promise of safe conduct in order to get them out of the way.

Impressive

All that has been well handled on the British part. Yet two questions remain. One is whether more could have been done to prevent such an incident in the first place. The second is what can be done to prevent anything *like* it happening again. They can be answered together.

The Vienna Convention on diplomatic relations is an impressive document which, by and large, has stood the test of time. The problem is that it has been applied too loosely. Those who have wished to abuse it have been generally allowed to get away with it. At least with hindsight, it can be seen that the British authorities were lax in allowing the Libyans so frequently to change their representatives. It may even have been that the *Libyans should never have been* allowed to change the title of their mission to People's Bureau, since it implies a change in the rules. There was inadequate scrutiny at the British end.

Exemption

The convention also has its grey areas. Paragraph 3 of Article 27 says: "The diplomatic bag shall not be opened or detained." Paragraph 4 of the same article says the bag "may contain only diplomatic documents or articles intended for official use."

It is less than clear how this is to be checked. Paragraph 2 of Article 36 says that a diplomat's personal baggage shall be exempt from inspection "unless there are serious grounds for presuming that it contains articles not covered by the exemptions." It appears that the net effect of this has been to allow diplomats to get away with murder because receiving countries did not want to risk the possibility of a diplomatic incident by insisting on inspecting baggage even when there were serious grounds for doing so.

The conclusions are straightforward. The Vienna Convention needs to be more rigorously adhered to. Britain could take the lead in appealing for this. It should find no lack of support since, although it is the latest victim of abuses, it is by no means the only one. The countries of the European Community, in particular, should have common cause.

It may be also that the articles affecting inspection of the baggage need to be strengthened, though a great deal could be done simply by properly applying the present rules. Those suspected of abusing them should no longer *be given the benefit of the* doubt.

Finally, diplomatic relations can be conducted only on a civilised basis. It would be desirable to have such a relationship with Libya, but it is not essential. The lesson of St James's Square is that if a country like Libya wants to have diplomatic relations with another state, it must obey the rules and the receiving country must see that it does so.

France's Left in disarray

THE DECISION by the French Communists to support the Government in the vote of confidence just before Easter has done no more than paper over the deep cracks which have appeared in the left-wing administration's unity.

Before casting their reluctant votes, the Communists made it plain that they were as opposed *as ever to their Socialist coalition* partners' authority and industrial restructuring policies and insisted that their own views should be taken into consideration in future. The Communist Party could have given no more telling demonstration of its present impotence than it did by adopting this contradictory stand.

If fundamental policy considerations rather than political expediency had been their main criteria, the Communists would have abandoned the Government, in which they have four Ministers, a long time ago.

For those policies which they could sincerely support, such as the massive nationalisation programme, the much-criticised reflationary measures while the rest of the world was in recession and a whole series of social reforms, were put into effect within 18 months of the Government's birth.

Since March 1983, however, President Mitterrand, with the patient support of M Jacques Delors, his Finance Minister, has been obliged to follow a very different path, described as "economic realism"—a disarmingly self-critical comment on what went before.

Deflationary

The deflationary policies, plant closures and huge lay-offs, particularly in the steel, coal and motor industries, which have accompanied this coming down to earth by the Socialist President and Ministers are anathema to the Communists.

Quite apart from ideological considerations, the party cannot be seen to dissociate itself from the country's largest trade union, the CGT—itself Communist-led — which bitterly opposes the Government's industrial policy.

Yet the Communist Party's parliamentary strength and popular support is currently so fragile that it could not take its opposition to the Government's policies to its logical conclusion. Walking out and slamming the door on their alliance with the Socialists would have done the Communists more harm than their partners, who have a comfortable absolute majority in the National Assembly.

Assured of something like 22 per cent of the popular vote throughout the last two decades, the Communists have seen their following in the country dwindle to less than 16 per cent today.

For President Mitterrand, who imposed the parliamentary confidence vote on his partners as a test of their loyalty and the Socialists' strength, the exercise has turned out to be yet another demonstration of his mastery of political tactics.

No-one can be under any illusion, however, that the Left has thereby recovered its unity. The basic differences between the two partners remain, since it is most unlikely that the Government will abandon its industrial restructuring policies before they have achieved their desired results.

From M Mitterrand's point of view, the usefulness of the Communist connection, at least in the longer term, is no longer evident. He needed the Communists' support to ensure his election as President in 1981 and subsequently rewarded them by bringing them into the Government. This move also served the additional purpose of neutralising them as potential opponents.

The Communists were tamed only temporarily, however. Last springs radical shift in the Government's economic stance has turned them into permanent snipers who are sapping the Government's energy and resolve.

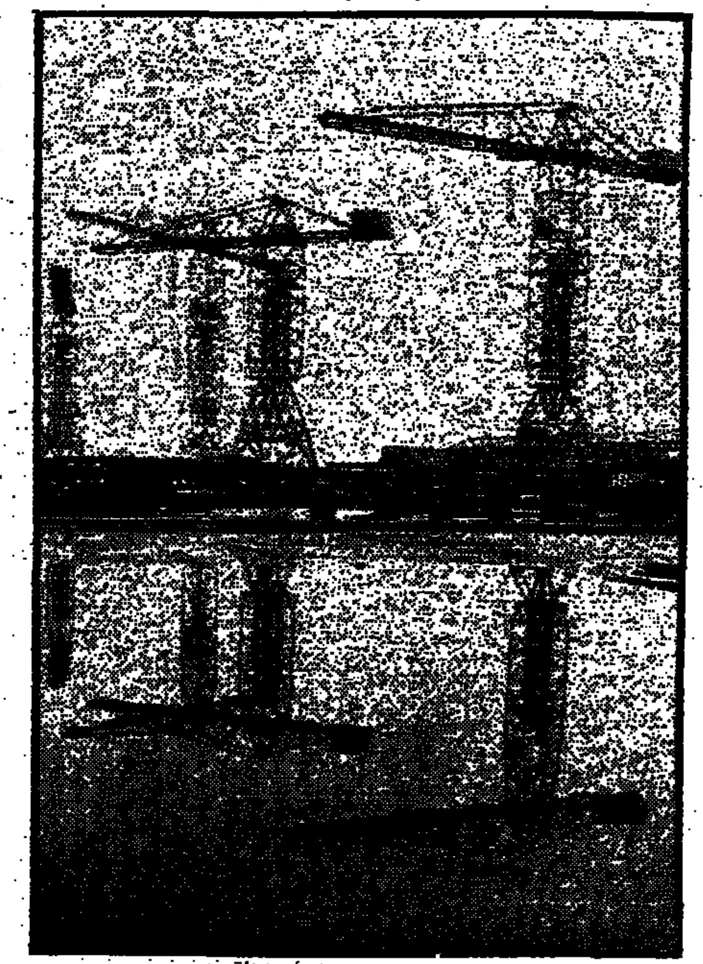
Moreover, the growing dissatisfaction in the country as a whole with the Government's policies must have forced the President to contemplate the possibility of governing with a different parliamentary majority than the present one after the 1986 legislative elections. If the alternative is to be an administration closer to the centre than to the left, that would naturally exclude the Communists.

Whichever way the problem is approached, the days of the *Union of the Left now appear* to be numbered. The question that remains is not so much whether the divorce will take place but who will be master of its timing.

Northern Ireland Industry

And now for the better news . . .

By John Lloyd, Industrial Editor



The Harland and Wolff shipyard

NORTHERN IRELAND is being done up once more. Battered and pitted, no longer glamorous even for its horrors, it is being tricked out for show again. Times have changed, say the people from the Industrial Development Board who are marketing the province: come and see how normal we are. Their slogan: "Judge us on the facts."

Here are two sets of facts, from an Ulster day.

In a high, old-fashioned office on Queen's Island in the docks, surrounded by intricate models of great ships, Mr John Parker, chief executive of Harland and Wolff shipyard, talks of modernisation, new orders, future growth. The yard has recently gained its first naval order for 15 years and more are confidently expected.

As Mr Parker talks, low-voiced and unhurried, two part-time police constables are shot dead in Armagh. TV screens in the closely guarded headquarters of the Royal Ulster Constabulary in a Belfast suburb flash the news monotonously. A senior RUC official says: "In a situation as vicious as this one you shouldn't use part-timers."

On which facts is Northern Ireland now to be judged? Those whom the IDB are attempting to woo to the province may find that their minds move uneasily from one image to the other.

"*The image problem* remains the single biggest impediment to success," says Mr Adam Butler, the Northern Ireland Minister. "It is out on its own. But the reality is very different."

First, the good news. Harland and Wolff's recent success is indicative not just of a modest upturn in its tough market, but also a sign of its competitiveness and mipressive ability to deliver. Its naval order is for a £30m replacement for the auxiliary vessel Engadine, and it has signed letters of intent for a £50-£60m order to build two automated container ships for the Lykes Brothers of the U.S.

Mr Parker, a Belfast native wooed back from British Shipbuilders last year by Mr James Prior, the Northern Ireland Secretary, is as hard-headed a man as a hard-headed province could produce.

The 10,000-strong labour force of the early 1970s has been shaved down to 5,500; the vast 330-acre site is losing 90 acres of old buildings and docks; a £9m cost saving programme is under way; flexibility agreements have been concluded with the workforce and others are still being sought. Most of all, *though, Mr Parker is trying to* engrave the phrase "we deliver" in the minds of potential clients. The delivery of a £3m, first phase of a floating dock for the Falklands in 52 days was a big boost. It won the dock phases 2 and 3 when a BS subsidiary, Sunderland Shiprepair, could not fulfil the contract in time because of a strike.

Harland's problems now stem less from internal failings than the state of the world's order books — and a Korean industry which, Mr Parker says, "has the great marketing idea of taking whatever price anybody quotes and undercutting it by 10 per cent." He is in no doubt that the province, and the UK as a whole, must retain a shipbuilding industry. He has shown some success in keeping an important part of it alive, but still lives in the eye of the storm. If it overwhelms him, Northern Ireland loses work for 6 per cent of its labour force and 150 companies lose their major customer.

Half a mile away, Sir Philip Foreman has done some of his own cutting and has survived. The company of which he is chief executive, Short Brothers, is even beginning to prosper.

It is another famous name: two still more famous brothers, Orville and Wilbur Wright, placed orders for six biplanes with the brothers Short in 1908. *Now the company founded in a* garden shed makes light aircraft, large airframe components and guided missiles.

After months of impatient waiting, Shorts recently landed a £115m order for 18 Sherpa aircraft for the U.S. airforce, with options for 48 more. It will be the first UK aircraft to enter regular service with the USAF since the war and it is a great coup.

Sir Philip's market place is less savagely depressed than Mr Parker's, but as competitive. The company's 30-seat aircraft —the 330, based on the Skyvan *transport plane—hit the U.S.* market in 1976 just when the airlines were looking for a small commuter plane. The Sherpa is the military version. The new 36-seater—the 360—could carve out a similar niche.

Shorts now employ rather more workers than Harland—6,000 in all—and it regularly brings back Queen's Awards to Queen's Island. Sir Philip, a farm labourer's son from Suffolk, is as committed to his adopted home as the Ulsterman Parker; but with open eyes: "The infrastructure's a bit thin. The disappointing thing is that we have got so little high tech industry. We have just got to attract more. Shorts has something to offer there, so we will play a part."

Much has, rightly, been made of these successes. But they are not the only, or even the main facts on which Northern Ireland will be judged. The prospective investor or settler will certainly not find the war-torn statelet of early 1970s TV coverage, though guards and guns, security doors and bag searches, are omnipresent. Instead, he or she will discover a curiously embryonic society, one in a state of being prepared for something else to happen, or for normalcy to return once more.

Government, in the sixth year *of generally non-interventionist* Tory administration, is everywhere—owning, underpinning, supporting, sponsoring, pump priming or just plain pumping.

> The prospective investor will discover a curiously embryonic society

The Northern Ireland Office, and especially its Department of *Economic Development (DED)* and IDB, are pushing money and manpower into the gaps left by the failure or flight of private enterprise—with the explicit intention of pulling out once more when (if?) investment returns.

The results cannot fail to impress.

In training, the province has arguably the best provision in the UK. Its Youth Training Programme, begun in September 1982—a year before the Youth Training Scheme in the rest of Britain—has to cope with unemployment levels of more than 21 per cent, rising to around 50 per cent in some areas. The scale of the problem, coupled with the thinness of the private employer base, forced the DED to rely heavily on state-funded government training centres, work preparation units and further education colleges.

The standard of training offered is high. In the big, newly-built Dundonald training centre, men ranging from teenage to late middle age are given closely and sympathetically supervised training in skills ranging from traditional metal-bashing through car repair to computer programming.

At the Quest workshop, burrowed out of an old linen factory, the sounds are the fizz of soldering rods and the click *and buzz of keyboards and* printers. Founded by a group of academics from Queen's University — which must have more links to the community than most of the UK's colleges — *it trains some 150* unemployed youths in electronics assembly and simple computing.

Industrial relations are relatively peaceful: the province lost 486 days per 1,000 workers employed between 1976-80, compared with 565 per 1,000 in the rest of the UK. In the first half of the 1970s, the province's advantage was much wider, at 466 per 1,000 compared to 1,146 per 1,000.

Mr Boyd Black, an economic lecturer at Queen's, says that "In recent years, earnings levels have tended to catch up with the UK average . . . pursuit of wage parity with Great Britain by trade unions has been the cause of many industrial disputes."

But the Labour Relations Agency, headed by the emollient Brendan Harkin, a former civil service union leader, has had more success than its newest UK counterpart, the Advisory Conciliation and Arbitration Service, in smoothing over disputes.

Community relations — by which is meant the relative employment of Protestants and Catholics—remains a largely unmentioned embarrassment. Mr Bob Cooper, head of the Fair Employment Agency, has a mobile face with the lines and dark shadows which suggest a rough, highly contentious job.

A lot of businessmen don't like the government-sponsored FEA, charging it with stirring up dissension by naive reports where quiet, incremental change would suffice. Harland and Short's, both the subject of FEA investigations, have brought in new recruitment procedures for their overwhelmingly Protestant workforces but do not like to talk about them. Says Mr Cooper: "If an organisation is getting its people from one community only it should ask itself why."

The urgent questions remain: will new jobs be created? will the decline in manufacturing, more precipitous even than that on the mainland, be halted? will the province ever lose its bandit country image?

Mr Tony Hopkins, the relentlessly optimistic deputy director of the IDB, says mildly that "It's—very difficult—but that only makes us here work harder and be more imaginative." Mr Hopkins has set the IDB on three legs: the encouragement and support of small business; the support of medium and large business; and the pursuit of inward investment.

Support for local business means the IDB is both a finan*cial prop and a nagging partner*, pushing business to find new markets and take on new products.

Small businesses have their own agency—the Local Enterprise Development Unit, under the leadership of Mr George Mackie—while the wooing of foreign business is done by permanent representatives abroad, backed up by visits.

The IDB's new approach launched earlier this year under the general rubric of the "Northern Ireland Partnership," is imaginative: besides balancing the board's act more equally between domestic and overseas business, Mr Hopkins and his colleagues have sought to use business people themselves to spread the word, keeping in the background as much as possible.

Thus when the "Partnership went West" to the U.S., its prime exhibit at the New York launch was Mr Marshall Butler, president of the U.S. electronics company ABX, which had just expanded its Coleraine plant. The partnership has set up a "loosely structured framework of friends" in the UK to spread the word.

Underpinning the IDB effort is money. An incentive programme approved a year ago gives relief on corporation tax of up to 80 per cent, the abolition of all rates on industrial premises, a 30 per cent grant on energy saving projects and a scheme to attract new management from outside Northern Ireland.

Foreign investment remains the critical area. Mr Butler says: "I do not believe there is any prospect of providing the extra employment we need by just building on the manufacturing base. Therefore we have to persevere with our inward investment exercise—though the effort we have to put into it, and the cost of overseas representation, means the cost of future jobs will be very high."

That cost, and all the others, will continue to be paid. The remarkable feature of Northern Ireland, half way through its second decade of the most stubborn bout of "troubles" yet unleashed upon it, is the enduring will to make fresh beginnings. That in itself may do as much to improve its stubbornly bad image as anything else.

Marchais—the reluctant ally

For the French Communist party and Georges Marchais, its leader for the past 14 years, the confidence debate in the National Assembly was an uncomfortable and humiliating experience.

In spite of his open opposition to the austere industrial and economic policies of the Socialists Marchais felt he simply could not afford to cause an open split in the French left by pulling his party out of the governing coalition with the Socialists. So the Communists backed the government in the crucial vote of confidence.

However, Marchais, who as a *political leader may have turned* out to be an electoral liability for his party, but who is still probably the most entertaining political personality in France, had one good moment in the debate. After forcing some more helpings of humble pie on economic policy down the throats of the Communists, Pierre Mauroy, the Socialist prime minister, goofed.

Trying to show some sympathy toward the Communists he acknowledged that the Communists were given unfair treatment by the French Press. The recent case of the Soviet Tupolev aircraft going astray over the naval base of Toulon was a good example, he remarked.

That incident was widely and predictably reported by the French Press as Soviet espionage. Marchais got up, looked at the premier and said "The Tupolev incident concerns the Soviets and not the French Communist party." He then sat down to thunderous applause from the French right-wing opposition parties.

Dwindling vote

But moments like that are becoming few and far between for Marchais these days. The 63-year-old French Communist secretary-general continues to display his gift for ad-libbing and television debate. But his act is looking jaded.

Since he became party leader the Communists have seen their political influence in France decline steadily from between 20-25 per cent of the national vote to 15 per cent in the last parliamentary elections three years ago.

Marchais is trying to stir up morale for the European elections which he regards as essentially a national poll. But his party has been the big loser *in a recent string of local elec*tions in France, and has suffered the embarrassment of being accused repeatedly of irregularities and cheating at local polls.

Marchais has often been outmanoeuvred by Francois Mitterrand, the French Socialist President. On two previous occasions Marchais caused open splits in attempts by the French left to have a common political programme. His objective on each occasion appears to have been to undermine Mitterrand.

But Mitterrand held him off, and once again appears to have Marchais on the spot.

Marchais' response has been to conduct a two-pronged political strategy of criticising the government on economic and social policy, while remaining part of the government for the so-called good of the left. Outside the government the Communists risk losing even more political influence. And Marchais would again be blamed for causing a damaging split in the French left.

Marchais is also hotly criticised within his own party.

Speculation of his stepping down from the leadership has *been a constant topic of political* gossip in France for the last year.

In almost any other political party Marchais would probably have long since been sacked for his overall performance. But things are a bit different in the Communist party in France.

Men and Matters

Sitting pretty

Not content with its well-earned reputation for automobile engineering the German car-maker BMW is now trying its hand at a spot of social engineering.

"We believe we have made a break-through in marital harmony," says Tim Greenhill, sales director in Britain.

Careful research by BMW has decided them that few things irritate a driver more than to find that the driving seat has been moved from his or her favourite position by another driver.

And wives are the parties most likely to be held guilty of that offence when husband jumps into the family car in the morning—already late for work.

So BMW has started to offer with its more expensive models an electronically-controlled seat which "remembers" the driver's usual seating position.

Presumably BMW owners will *consider £840—the cost of the* unit—a small price to pay to secure domestic bliss.

By bread alone

If Arthur Scargill can steal a moment or two for reflection today in between organising his picket lines he will be giving thanks for British businesses like Greggs, the bakers.

Only recently Scargill lost a legal battle over the investment strategy of the £3bn mineworkers' pension fund. The position of the National Union of Mineworkers' fund trustees, he said at the time, was that money generated by British industry for a pension fund should be used to invest in Britain.

It so happens that the fund did just that in 1980 when it bought 20 per cent of Greggs (260 shops supplied from bakeries in Newcastle, Glasgow, Leeds and Manchester).

Hambros Bank is offering for sale today 2,532,000 Greggs shares at 135p a share—and the mineworkers' pension fund stands to make a handsome profit.

The fund paid £500,000 for its stake in Greggs. As part of the Offer for Sale it is selling 700,000 shares for £945,000. If that sale succeeds it will leave the pension fund with 12 per cent of Greggs worth £1,755,000 at the sale price.

In short, this British investment stands to give the pension fund a paper profit of £2.2m after four years.

Not a bad flutter for the miners.

No hawker

Sir Geoffrey Howe has received an unexpected glimpse of Hong Kong's economic miracle during his brief visit to the territory.

Government officials arranged a visit to the New Territories town of Shatin, in the course of which Howe would drop in for a cup of tea and a chat with a street hawker, Mr Yeung, his wife, and his seven children.

It would be an opportunity for the British foreign secretary to gather at first-hand grass roots opinion on the questions surrounding Hong Kong's future.

As it happened, however, conversation was limited by a factor even more powerful than the usual language barrier.

Howe whirled in by helicopter amid crowds of local residents and proceeded to the Yeungs' flat. But the elderly couple turned out to have left Hong Kong the previous day for a holiday in Japan.

Big job

News of old boys in a Shropshire school magazine: "After a *spell at chicken farming Peter* has been engaged by a carpet company to cover Lancashire and Cheshire."

Observer

MOZAMBIQUE'S ECONOMIC CRISIS

Why Machel is wooing the West

By Michael Holman in Maputo

MAPUTO'S elegant, white balustraded Polana Hotel on the seafront is coping with an influx of unaccustomed guests.

Seated at tables on the terrace, habitues from East Germany, the Soviet Union and Cuba warily eye the newcomers —delegations of South African businessmen whose discussions with local officials range from multi-million investments in tourism to the revival of plant and machinery which stands idle for want of spare parts worth a few thousand pounds.

It is the most visible sign of a dramatic change in the region, signalled by the signing last month of a non-aggression pact between South Africa and Mozambique. But much more is taking place below the surface.

Mozambique is seeking closer links with the West. The signs include applications for membership of the International Monetary Fund (IMF) and the World Bank, and renewed efforts to encourage Western investment in agriculture, industry and mining.

Senior government officials maintain that the state which proudly declares itself Marxist-Leninist has not changed its fundamental principles. "We have always been open to Western trade and investment," says Mr Prakash Ratilal, governor of the Central Bank.

Yet a severe economic decline, the combination of devastating drought and flood, and the impact of the South African-backed Mozambique National Resistance (MNR) have forced President Samora Machel's government into a far-reaching reappraisal of internal economic policies and foreign relations.

In the move to involve the West, President Machel has an incongruous ally. When Mr Pik Botha, South Africa's Foreign Minister, hosted a lunch recently for the ambassadors of leading Western nations he reportedly urged a course which a few months ago would have been inconceivable: invest in Mozambique.

It stems, of course, from mutual self-interest. The recovery of the Mozambique economy with South African as well as Western assistance would demonstrate both to sceptical black Africa and the outside world that a constructive relationship with the white industrial and military giant of the region is possible.

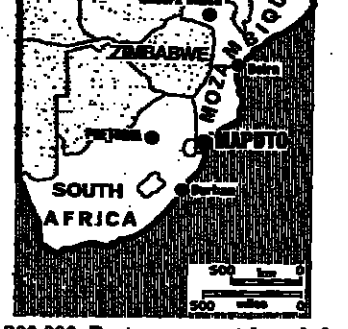
For President Machel the success of the new accord may be a matter of personal survival. He must convince doubters in his own party of the merits of co-operation, as well as deliver the goods to 13m impoverished countrymen.

For President Reagan, it will add credibility to the United States policy of "constructive engagement" with South Africa, which, he has argued, will bring benefits to the region while undermining the influence of the Soviet Union, Mozambique's leading ally.

Evidence of Mozambique's penury is not hard to find. Shops in Maputo, Beira and other centres are bare. Basic commodities are strictly rationed, petrol is in short supply and internal flights frequently cancelled for lack of fuel.

In Maputo's city market the vegetable stores are empty and long queues form for a small pile of bread loaves. Industry, hit by shortages of spare parts, raw materials and skilled manpower, operates at little more than 15-20 per cent of capacity.

The reasons for the decline go back to the turmoil of independence in 1975. More than



200,000 Portuguese settlers left virtually overnight, taking with them cars and trucks, and abandoning—in some cases sabotaging—their businesses and farms to a government which inherited a 95 per cent illiteracy rate and a mere handful of university and secondary school graduates.

The country was immediately embroiled in neighbouring Rhodesia's (now Zimbabwe) war of independence, applying economic sanctions and enduring Rhodesian attacks on bridges, railways and dams as well as hitting the bases of Mr Robert Mugabe's guerrillas.

The Zimbabwe settlement in 1979 did not bring peace. The

In Zimbabwe, hundreds of starving refugees from Mozambique are being fed by relief agencies

Mozambique National Resistance, initially backed by the Rhodesian Government, was adopted by South Africa. In 1982 alone, says a recent government report, rebels destroyed 489 primary schools, 102 health clinics and 400 stores or commercial enterprises were ransacked or forced to close as relations with South Africa deteriorated. So the vital economic links declined, leading to a drastic fall in foreign exchange earnings.

The republic's use of Maputo port by the end of last year had fallen to 16 per cent of pre-independence levels. The number of migrant workers in South African mines—whose salary remittances had been the largest single source of foreign exchange—has fallen by 60 per cent, from 118,000 in 1975 to around 40,000 today.

In the meantime, the terms of trade with the outside world, deteriorated. One new truck now costs Mozambique the equivalent of 13 tons of cotton, compared to five tons at independence.

If this was not enough, the country has suffered from intermittent droughts and flood, culminating in the current crippling drought which began in 1981 and which has cost up to 100,000 lives. The toll is likely to rise, with relief efforts hampered by the security problems posed by the MNR, active in all ten provinces.

At the same time, policy shortcomings—notably in agriculture—have had an adverse effect. Government has ploughed resources into mechanised state farms without the expertise to maintain them, or sufficient foreign exchange for spare parts and equipment to keep them going.

A decision taken last April to provide greater backing for peasant agriculture—better supplies of inputs such as seeds, tools and fertiliser, and incentives in the form of consumer goods in rural stores—has yet to take effect, partly because of the drought and the lack of foreign exchange to set the ball rolling.

In the meantime, Mozambique is facing mounting external debt obligations. Early last year the government started to fall behind for the first time in the servicing of its debt to non-socialist countries (put at $1.4bn). By the end of 1983, debt service arrears totalled $152m, and arrears in other categories came to a further $53m, forcing the government to begin rescheduling negotiations earlier this year.

The first step towards resolving the economic crisis, say officials, was to secure peace—hence the pact with South Africa, under which Pretoria will cease support for the MNR in return for an end to the military activities in Mozambique of the banned African National Congress (ANC) which had used the country as a springboard for incursions into the republic.

The benefits have yet to emerge. The security position will get worse before it gets better, say army officers, for the MNR stepped up its infiltration of men and supplies in the weeks leading to the pact.

Their predictions are being borne out — earlier this month MNR rebels mortared a truck on the main road from Maputo to the South African border, and sabotaged power supplies to the capital.

But on the economic front, say officials, there is substantial progress.

"We discovered that if we provided £50,000 worth of spare parts," said one visiting chairman of a detergent company, "we could revive a factory worth ten times that amount."

A South African freight company is discussing investment in Maputo port: "We will provide equipment such as fork-lift trucks in return for rebates on our South Africa traffic," says one director. "For the first time in years our Maputo office could make a profit."

The same company may instal bulk maize dischargers at the port, on the same terms, which would allow Maputo to handle half a million of the 4m tons of maize South Africa must import this year.

In his office at the Central Bank Mr Ratilal extols the virtues of the pact: stability in a region where would-be investors have been frightened off.

A revised investment code is being drawn up, he says, and lists opportunities in coal and other minerals, agriculture and fisheries: "We will allow companies to retain a portion of their product as a way of repaying investment."

The enthusiasm is infectious, but difficulties lie ahead. Government officials expect the MNR to intensify its activities in the months ahead, particularly around Maputo.

A second concern is Mozambique's high expectations. "They overestimate the appeal of Mozambique to Western businessmen," said one diplomat. "Tiny Rowland jetted in, committed Lonrho to agricultural ventures, and continued on his African rounds. But there aren't many Tiny Rowlands in the West.

"The infrastructure is poor, skills are scarce, and the currency is massively overvalued," he continued. "The irony may well be that investors will see the pact as making South Africa itself a more attractive prospect."

Where The Jobs Are

Think of the wenches who served Falstaff

By Anatole Kaletsky

WHAT DO the following phenomena have in common? The only way to get a drink in a City pub at lunchtime is by elbowing and jostling the other patrons while screaming at the barman. Japan buys robots from Italy and cameras from Hong Kong, but baulks at increasing its imports of Florida oranges. Mr Arthur Scargill appears to be winning the hearts and minds of Britain's coal miners. Britain has the highest ownership of video recorders and home computers in Europe. French farmers produce the world's most delicate and subtle food, but think nothing of driving their pigs and cattle into the Elysee Palace. More people under 40 in Europe are killed and disabled by falling off ladders than by any single natural disease. The Thatcher Government is reforming Britain's system of corporate taxation.

The clues to this riddle are not be found in any anagram or rebus, but in the table below. The stories they tell start from an everyday observation which must have struck every British traveller in Japan, the U.S. or Germany. These countries, whose high-productivity manufacturing industries are the envy of Britain's businessmen have pockets of inefficiency and over-manning which would win a hallowed place in the custom and practice of Britain's most Luddite unions.

The examples abound, most obviously in the Japanese and European countryside, where lone peasant farmers and fishermen still earn their simple livelihoods using tools and traditions inherited from their grandfathers. But even in the most modern cities of America's sunbelt, a visit to the supermarket reveals an army of teenage boys employed solely to pack and carry shopping bags for customers. A drive into the petrol station evokes memories of a bygone era, as human attendants amble out to man the petrol pumps, instead of disembodied voices croaking instructions through loudspeakers for self-service. An attempt to use the banking system in the U.S. yields a less agreeable experience—most banks are still not capable, for example, of making regular payment for their personal customers by computerised direct debit.

Could it be, the perplexed traveller begins to wonder, that Britain is not so inefficient after all? Maybe the real difference between Britain and its economically more successful rivals, lies simply in where the inefficiency is located.

Most of Britain's overmanning is in manufacturing, which is a misfortune for several reasons. For example, inefficient manufacturers produce no agreeable spinoffs, such as picturesque fishing villages, courteous shop assistants or home-made salamis. They also endanger a country's balance of payments and its capacity for technological progress.

Is Britain not so inefficient after all?

So could a country actually be better off deliberately preserving corners of inefficiency outside the manufacturing sector? Thus, surplus workers could be kept out of harm's way, without being a total charge on taxpayers through the unemployment system.

This is where the table comes in. It shows a very crude index of overmanning (+) or undermanning (−) in the three basic sectors—agriculture, manufacturing and the rest—for the world's seven largest economies. Each number is simply the difference between the percentage of the labour force who work in the sector and the percentage of national value added which these workers produce.

For example, Britain's manufacturing sector employed 28 per cent of the civilian labour force in 1981, but contributed only 20 per cent to national value added, giving an overmanning index of +8 for British manufacturing. Japan's "other" sector employed 65 per cent of the labour force and contributed 66 per cent to value added; so Japan's "O" entry shows a figure of −1.

A glance at the table immediately shows the anomalous positions of Britain and Japan—with exceptional overmanning and exceptional leanness respectively in the manufacturing sectors. Like the continental countries, Japan hoards its surplus labour in agriculture.

But in Europe, this agricultural overmanning is not balanced by exceptional efficiency in manufacturing; instead of keeping their manufacturing industries lean, the Europeans including Britain, economise on labour in the non-manufacturing and service sectors.

The solution to our puzzle should now be obvious. If British pubs employed waiters, the whole economy would benefit (and anyone who thinks that self-service boozing is a time-honoured British tradition should think back to Falstaff and his serving wenches). The Government's tax measures are supposed to encourage just this kind of labour-intensive restructuring of the economy.

The interested reader should now have no difficulty connecting the other phenomena in the first paragraph, particularly bearing in mind the following clue. An even more effective way of achieving the Government's employment aims might have been to devalue sterling and cut national insurance further. This would have made British manufacturing more profitable (hence increasing its added value relative to employment); discouraged consumption of cheap manufactured imports such as video recorders; and lowered the relative cost of British labour. That, in turn, would have stifled the job-destroying and physically dangerous craze for do-it-yourself house repairs.

AN INDEX OF MANNING LEVELS

	U.S.	Japan	Germany	France	UK	Italy	Canada
Agriculture	+1	+7	+3	+5	+1	+8	+2
Manufacturing	−1	−6	0	0	+8	−2	+4
Others	0	−1	−3	−5	−9	−6	−6

Letters to the Editor

Incentives and miners' pay

From Mr J. Winterton, University of Bradford

Sir,—I agree with Philip Bassett's interpretation of the effects of the area incentive scheme upon miner's attitudes (April 17). However, he omits to mention serious problems with the bonus which, I believe, should be made public.

First, the incentive scheme has degenerated. The original scheme was proportional; increased effort was rewarded with proportional increases in bonus. Bonus payments have not been adjusted in line with basic pay so the scheme has become regressive; a 25 per cent increase in effort is now rewarded with a bonus representing less than 20 per cent of standard earnings.

The average weekly bonus pay for face workers in 1983 was £40.96; it would have been £56.40 had the scheme not degenerated. High earners, like some in the Nottinghamshire area, would have earned another £25 per week over the past year.

Second, the range of miners' earnings is greater than the plus or minus 18 per cent of average pay which Philip Bassett found between areas. A recent study of the bonus payments in Yorkshire revealed differences in weekly bonus earnings of up to £67 within each of the four Yorkshire areas, and over the whole coalfield bonuses ranged from £16 to £103.

This represents a range of +36 per cent to −15 per cent on the national average earnings for 1983. One consequence is that surface workers at a high productivity pit like Royston Drift (Barnsley) receive more in bonus pay than face workers at neighbouring pits like South Kirkby and Kinsley Drift.

Moreover, local variations such as the "Kellingley option" negotiated at most North Yorkshire pits have made the scheme very complex. The degeneration of the bonus and growing inequities between effort and reward suggest the need for a Court of Inquiry into the disorderly pay structures of the National Coal Board.

Third, while the bonus obviously fragments bargaining and impairs the solidarity necessary for a strike over a national pay claim, it is wrong to assume a straightforward relationship between bonus earnings and "readiness to take industrial action."

North Yorkshire's highest earners at Kellingley consistently vote to support industrial action, whereas those at the bottom of the area earnings league from Savile are usually as moderate as the Nottinghamshire miners.

Men at Glassboughton, which the NCB intends to close before reserves are exhausted, have shown great reluctance to take action that may jeopardise their redundancy pay or the opportunity to transfer to Selby. The bonus is an important factor in the differences between South Wales and Nottinghamshire, but Yorkshire experience suggests that the quality of pit leadership is even more important.

Jonathan Winterton.
Working Environment Research Group,
University of Bradford School of Industrial Technology,
Bradford, West Yorks.

Unlisted securities market

From Mr S. H. J. A. Knott

Sir,—I read Mr Dawkin's article (April 14) with considerable interest. The full entry of the merchant banks into the unlisted securities market must be welcomed. It gives the customer a much wider choice and it improves the marketability of USM issues.

The choice between a merchant bank and a broker is never easy, but there are three good reasons why brokers should continue to have a major role in the USM market.

1. Specialised Research. It is important to relate a new company to the total market in which it operates. The research experience of many brokers goes back for 20 years or more and this is a service which the merchant banks cannot provide;

2. Cost. The typical cost of a broker USM issue is about half that of a merchant bank. It is important that costs in an issue should be reasonable in relation to the amount of money raised. Expenses in excess of 10 per cent are not to be encouraged;

3. Aftermarket. Where a broker sponsors an issue there is a better chance of a reasonable aftermarket. With the current developments in the capital market there is a danger of less liquidity being available to maintain a market in a USM company. It is important that a sponsoring broker should see that there is a facility for an investor who wants to buy or sell 1,000 shares.

Competition between stockbrokers and merchant banks is a healthy phenomenon.

S. H. J. A. Knott.
Greene and Co.,
36/38 New Broad Street, EC2.

Accounting for inflation

From Mr R. W. Weston

Sir,—With some experience of producing statutory and management accounts of all kinds, and CCA accounts for my part of a well known multinational as early as 1975, I would suggest a simple explanation for the lack of agreement on inflation accounting.

First, I should say that CCA accounts are not difficult to understand or produce, and although not "accurate" in a mathematical sense they are not significantly different from historical records in this respect.

Any set of accounts has to be read in the light of the conventions used when producing them, and this is recognised by the need for the notes to the accounts produced on a historical cost basis.

In a period of inflation, CCA accounts usually show less profit than historical accounts, and where this occurs the CCA result is the more realistic by economic standards.

CCA accounting therefore has the disadvantages that: general acceptance would imply moral acceptance by the Revenue for corporation tax purposes; directors judged on results could find that historical cost profits were CCA losses; and shareholders could find dividends reduced or eliminated on the same basis.

It seems to me that the above considerations provide most of the reason for the continued refuge in interminable argument rather than acceptance of CCA in principle. In these circumstances I expect all parties to continue "ducking the issue."

But it is interesting to note that industrial managers have to face the problem. My experience, in buying commodities on the international market, is that if they are resold only at a price that makes a profit on the historical price, the cycle can only be continued (in an inflationary period) by either borrowing to make up the deficit or gradually running down the size of the business. This problem can be avoided by selling on a "replacement cost" basis, and in so doing one is effectively recognising CCA principles!

R. W. Weston.
24, Barrachan,
Beverley Grove,
Portsmouth, Hants.

Danger of a tax on toilets and taps

From Seven Trent Water Authority

Sir,—I read David Kinnersley's well-phrased article (April 11) with considerable interest and some sympathy, but having been intimately concerned with these issues for 10 years I can say that he has got one important element wrong.

Based on experience of universal metering, costs would not come down very significantly if metering were universal. Meters would have to be installed in many older properties whose plumbing is not suitable, and where costs are inevitably high. Even now, meter maintenance, renewal and reading costs of £12 per year are not high compared with those in gas and electricity, but customers do not tend to save much water if they are metered. Water savings are generally worth only £6 a year or less and universal metering is a bad buy.

Water authorities are right, therefore, in social equity and in economics, in their current policies of permitting metering at a customer's own expense where they feel manifestly overcharged (a typical example would be an elderly couple living in a large highly-rated house); and of considering enforcement only for the small minority of heavy peak-period users, such as those who insist on being able to use a fixed garden sprinkler at any time of the day or night.

For the rest (a large majority), it is much more economic to continue charging on property valuation, either the present RV or new valuations when they are introduced.

In a temperate climate universal metering makes little economic or practical sense, and for most people we should be wary of drifting towards it from our simpler and more effective property-based charges for potential for water use.

J. E. Thackray.
Assistant Director of Finance (Economic Strategies and Charging). Seven Trent Water Authority,
2297, Coventry Road,
Sheldon, Birmingham.

Balance of parties on interim GLC

From Mr Richard Hainsworth

Sir,—The Government's intention in the Local Government (Interim Provisions) Bill that nominations to the interim GLC and Metropolitan County Councils should reflect as far as possible the balance of parties on the nominating authority should be welcomed as a tiny step on a long march to proportional representation (PR) in Britain.

But I hope the Government will set down an equitable formula for the proportional share-out of seats on the proposed new authorities. Many majority parties on local councils have scant regard to the rights of minorities in the share-out of committee places, or seats on joint boards.

Without clearly defined rules the scope for frustrating the spirit of proportionality is wide. Should the Alliance parties count as one or two? Should allied parties be allowed to aggregate or split their numbers on a council at their convenience?

Richard Hainsworth,
36 Gledhow Wood Grove,
Leeds 8.

FINANCIAL TIMES
Tuesday April 24 1984

Terry Byland on Wall Street

Tobacco's top two puff on

TRADING reports last week on the first quarter of the year from Philip Morris and R. J. Reynolds Industries, the two giants of the U.S. tobacco industry, indicate that cigarettes remain a thriving business no matter what the habit may be doing to the customers.

Morris, which now holds the largest stake in the domestic market through the success of its Marlboro, Benson & Hedges and Virginia Slims brands, strengthened its grip with a further increase in market share in the first quarter.

It still takes the bulk of its profits from tobacco-related sales – about 85 per cent at the operating level in 1983. The Miller Brewing subsidiary, still the second largest brewer in the U.S., turned in flat revenues for the three months after bearing the brunt of heavy promotional expenses for Meister Brau, which is aimed at the highly competitive *popular-priced beer market.*

The same renewed vigour in tobacco trading is shown in the results from Reynolds, which is now firmly in second place with its Salem, Camel and other brands holding just under a third of the U.S. market.

After seeing tobacco earnings fall for most of last year, Reynolds has now reported a jump of 23 per cent to $256m in tobacco profits for the quarter. Reynolds does not separate its U.S. segment from its overall tobacco results, but a generally stagnant level of tobacco revenues suggests that the group benefited chiefly from higher prices within the U.S.

In its trading report, Morris confirms that unit volume sales in the domestic tobacco industry were flat during the quarter.

Overall, both groups disappointed Wall Street. An increase of 10.3 per cent in net earnings at Morris and of 4.4 per cent at Reynolds fell short of the best forecasts from the analysts. A similar shadow of disapproval had greeted the final results for fiscal 1983.

The share prices have in both cases followed the market trend downward since the beginning of the year, with Morris faring rather worse than the Dow Jones industrial average as investors have shied away from the tightening competition for Miller and for Seven-up.

The question for both groups remains whether tobacco earnings are as deeply threatened by medical, social and legislative disapproval as seems probable, and how effectively the two are facing this problem.

The move by Morris into the brewing field depends heavily on its ability to win in a very competitive arena, where costs can be high, especially where new products are involved – thus the tensions over Meister Brau. An additional tripwire could be the growing criticism in the U.S. of alcohol use, which could bring in its trial the advertising and sales inhibitions which have hit the tobacco lobby in the past decade.

Diversification at Reynolds has taken it into the food and beverage area where Del Monte, the fruit canner, as well as Kentucky Fried Chicken, Canada Dry and other brand names, seem to be delivering the goods. Earnings from food and beverages jumped by 17 per cent to $256m in the first quarter.

The final net earnings total at Reynolds is distorted by the announced intention to sell off its Sea-Land transport division, which is carried in the quarterly reports as a discontinued operation. Net earnings from continuing operations show a gain of 14 per cent at $165m, and thus outpace progress at Morris.

Moreover, the projected spin-off to shareholders is regarded on Wall Street as a bullish move. Sea-Land fits ill with Reynolds's successful diversification into the profitable food and beverage industries.

A fall of only 9 per cent in the Reynolds stock price since January, against nearly 14 per cent for Morris, may be a signal from the stock market. Both remain on healthy earnings multiples of 8 for Reynolds and 9 for Morris, compared with 7.4 for the Dow average, but Reynolds may now have the edge.

There are recurrent suggestions in the market that Reynolds has marked for the auction block its Aminoil oil and gas exploration division. Aminoil looks like another misfit in the Reynolds portfolio and doubtless contributed to the 40 per cent drop to $47m in earnings from other businesses. The possibility that Aminoil will be shed must be seen as another bull point for Reynolds stock.

In the immediate term, Morris stock has two strong props. The group has an outstanding dividend for the 17th consecutive year, and it will benefit from any weakness in the dollar, but Reynolds may be the one to watch.

JAPANESE PREMIER TURNS FOCUS TO DOMESTIC ISSUES

Nakasone bids for wider appeal

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

MR YASUHIRO NAKASONE, Japan's Prime Minister, has decided to concentrate on domestic affairs after the London economic summit in June, in an attempt to bolster his chances of retaining his position.

This is the clear rationale behind announcements that he has decided to cancel two planned foreign trips – staying on in Europe immediately after the summit and to Australasia in late July.

The official explanation is that the need to extend the current session of the Diet (Japanese parliament) by perhaps as much as two months until well into the summer precludes his absence from Tokyo. Any Japanese minister normally requires the Diet's permission to leave the country while it is sitting.

However, this formality could easily have been circumvented if Mr Nakasone had concluded that his standing inside the ruling Liberal Democratic Party would be enhanced by playing the role of international statesman. But it is apparent that the party faithful, who must choose a new president by November, are much more concerned about domestic issues.

Thus Mr Nakasone's intent is to strengthen his own hand by shepherding though parliament in the months ahead such bread-and-butter items of domestic legislation as privatising the telecommunications monopoly, establishing and advisory council on educational reform and revising the national health insurance law.

The lessons of last December's general election, when Mr Nakasone's disquisitions on foreign policy failed to impress the country, suggest he has taken the safest political course. However, there have been mutterings from the Foreign Ministry that the Prime Minister is being somewhat derelict in his national duties. This is probably not unconnected with the fact that Mr Shintaro Abe, the Foreign Minister, is one of Mr Nakasone's principal rivals for the party leadership.

Two other developments over the weekend may also work to Mr Nakasone's political advantage. The first is the announcement that later this week the LDP and the Democratic Socialists, the fourth largest party, will hold talks on a possible coalition. Similar negotiations with Komeito, the third largest party, are tentatively scheduled for next month.

If the centre parties can be seduced away from the alternative attraction of a centre-left grouping, held out by the Socialists, then Mr Nakasone is likely to get some intra-party credit.

The second development was the decision of the LDP hierarchy to stick with, in principle, the modified primary system of electing a president. Although this does not mean a primary will actually take place in November, it is probable that Mr Nakasone stands a better chance of doing well in a ballot of the 1.4m registered LDP members than in closed-doors horse-trading by Diet members.

This is largely because about half the party rank and file has been recruited by the faction beholden to former Prime Minister Tanaka, who still appears inclined to support Mr Nakasone for another two-year term, especially now that Mr Susumu Nikaido, his lieutenant, has been named LDP vice-president.

UK coal chief 'willing to bend on timing of pit closures'

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

FIRST SIGNS of concession in the British coal mining dispute have come from the National Coal Board (NCB) which – like the National Union of Mineworkers (NUM) – had appeared to have set its face against any negotiation on its closure programme.

Mr Ian MacGregor, the NCB chairman, told the two mine management unions at a meeting of the joint policy advisory committee last week that he would be prepared to consider phasing his programme – involving 20,000 redundancies and the loss of some 4m tonnes of capacity – over a longer period than the 12 months originally specified. Mr MacGregor put no limit on what that period might be.

The board has not yet informed the NUM of this potentially significant concession. It did not attend last week's meeting and one of the unions asked for details to be kept secret until it has put the concession to its executive committee later this week.

Mr MacGregor insisted, however, that the numbers of men to go and the capacity to be cut must remain the same. Some management union officials believe that if the time limit were stretched out, many of these problems arising from the cuts could be tackled.

Mr Peter Heathfield, the NUM's general secretary, reacted cautiously to the compromise last night – but did not dismiss it out of hand. "I would want to know details," he said.

These may emerge from a meeting tomorrow of the Coal Industry National Committee, which also brings together the three mining unions. The NUM has informed the board that it will not attend that meeting, either – though there are hopes in the NCB that news of the board's softer position might lead them to attend.

A further extension of the dispute, now in its seventh week, is likely to threaten the future of at least two of the British Steel Corporation's five integrated steel plants. NUM officials are now considering whether or not to continue the dispensation which has allowed 16,000 tonnes of coal from South Yorkshire pits to keep minimum production going at the Scunthorpe plant.

The NUM said yesterday that twice the amount of coal intended was getting into Scunthorpe and that it would be "taking action." Mr Ray Hill, chairman of the National Union of Blastfurnacemen's North Midlands district said, "if we have no continuity of coal supplies then lay-offs of the workforce (of 6,800) become a virtual certainty."

The Ravenscraig steel plant in Scotland is likely to receive at least some of a 65,000 tonne shipment of high grade coking coal which will arrive on a UK-registered ship today. An earlier shipment on the Liberian registered Hastings had been blacked by dockers, whose union, the Transport and General Workers', has threatened a national dock strike if any dockers are laid off for refusing to load or unload coal.

However, local union officials fear that the token pickets outside the Hunterston terminal in Ayrshire where the coke is unloaded will be stepped up this week, threatening the future carriage of coal from the terminal to the plant.

The success of the NUM's call to all miners to strike will be tested today and tomorrow in Nottingham, the largest of the Midlands areas which have so far resisted pressure for a strike. A total of seven of the county's 25 pits open after the Easter break today, with the bulk reopening on Wednesday.

Heavy picketing is expected, but some branch officials have already said that they will cross picket lines as usual. Some 5,000 police are concentrated in the area to ensure entry to the pits.

The NCB will launch an advertising campaign from today in provincial and national papers to persuade miners to continue working.

Earnings up 34% at Sears Roebuck

By Our New York Staff

SEARS ROEBUCK, largest U.S. general merchandiser, which also has financial services operations, announced a rise of 34 per cent in profits in the first quarter of the year. Net earnings advanced from $159.5m or 45 cents a share to $213.8m or 60 cents. Sales increased by 12 per cent to $8.37bn.

The earnings announced for the first quarter are in line with market predictions. For the whole of fiscal 1983, Sears turned in net earnings of $1.3bn, or $3.80 a share, on sales of $36bn.

Mr Edward Telling, chairman and chief executive, believes 1984 will be "good for the economy, for *consumers and for Sears.*"

Most of the increase in first-quarter income came from the merchandise divisions, he said. The Dean Witter financial services group saw a drastic fall in earnings from $39.2m to $1.5m, reflecting reduced retail securities business and higher costs.

But Allstate Insurance pushed earnings ahead from $135.7m to $143.5m and Goldwell Banker Real Estate also had a successful quarter, turning in $24.5m against $2.6m a year ago.

Gandhi bids to exploit split in Punjab

Continued from Page 1

ring to Pakistan and the U.S. Senior government officials, however, do not regard interference by Pakistan as a major priority of immediate *concern even though* they reject assurances by the Pakistan Government that it has no wish or reason to try to destabilise either the Punjab or India.

Mrs Gandhi described the situation in the Punjab as "grim and explosive" reflecting a dramatic increase in ministerial anxiety and concern since the militant Sikh's agitation took a new turn just over three weeks ago.

In a manner uncharacteristic of South Asia, which is accustomed to volatile, unruly and bloody disturbances, the extremists for the first time sent assassination squads to eliminate key figures in carefully planned, cold-blooded attacks. They started with two politicians and a leading Delhi-based Sikh moderate.

Later in one day they attacked 39 small countryside railway stations, again acting in a more planned and direct way than is usual.

A former Indian Army major-general, Shubegh Singh, a Sikh who was cashiered a few years ago, for corruption, is alleged by officials to be training terrorists in the Golden Temple at Amritsar aided by some other disenchanted ex-army officers.

Big oil groups fear costly pollution suits

BY WILLIAM HALL IN NEW YORK

INTERNATIONAL oil companies, which operate a large part of the world's oil tanker fleet, are worried that the they may be more vulnerable to big suits for damages for oil pollution after last week's ruling by a U.S. judge against the Standard Oil Company (Indiana), owner of the Amoco Cadiz.

Standard Oil (Indiana) lifted first-quarter earnings to $594m, or $2.03 a share, from $399m, or $1.36, in the comparable 1983 period.

Standard of Indiana had argued before the U.S. court that under the international convention for oil pollution damage, only the vessel's owner, Amoco Transport – a Liberian company headquartered in Bermuda – was liable for the costs of cleaning up the oil spill off Brittany in 1978, and its liability was limited to $17m.

However, in a ruling, the U.S. judge said that the overall parent, Standard Oil (Indiana), was "responsible for the tortious acts of its wholly owned subsidiaries."

This means that Standard Oil is liable to the French claimants for damages resulting from the grounding of the Amoco Cadiz, and has not been able to limit its liability.

Standard said last week that based on various U.S. and European estimates, it believed its liability would be no higher than $150m. Maritime attorneys, however, believe this is on the low side, although they do not believe the claims could run as high as the $2bn being suggested.

Many major oil companies operating international tanker fleets own them through offshore companies as was the case with the Amoco Cadiz. This provides them with tax advantages and until now, also helped to provide protection in the event of major marine casualties when only the offshore company, and not the parent was thought to be liable.

Mr Jerry Smith, general-secretary of the Liberian Shipowners' Council, said "The decision will have to be looked at very carefully by shipowners throughout the world, particularly American. It could have significant implications for owners and the insurance industry."

Standard Oil insured the Amoco Cadiz through Dradnats, a wholly owned subsidiary whose function was to see to the insurance needs of the Standard group. Standard said on Friday that it carried pollution liability insurance of $50m in addition to coverage for the loss of the Cadiz cargo.

Dome's debt rescheduling. Page 20

Charter Co. seeks debt protection

By Our New York Staff

THE CHARTER Company, the Florida-based oil refining and insurance group which has been facing mounting financial problems, has filed for protection under Chapter 11 of the U.S. bankruptcy code.

The group says its decision was precipitated by a sharp reduction in trade credit at its big oil refining operations. The parent company and only a quarter of its almost 200 subsidiaries are cited in the Chapter 11 filing. The group's insurance operations are not filing for protection and, according to insurance industry regulators, are continuing to operate normally.

Charter, which had revenues of $5.7bn and operating profits of $164.9m in 1983, blames many of its problems on the recent adverse publicity about single premium deferred annuity sales (a form of tax shelter), which followed the collapse of Baldwin United last year. Baldwin was the biggest marketer of these forms of tax-deferred savings, and after its demise Charter inherited the market leadership.

As the adverse publicity has mounted Charter has suffered a sharp increase in the volume of redemptions of its annuities, while sales have fallen away. Last year, Charter's insurance operations, which make their money almost entirely from single premium deferred annuities, contributed over 70 per cent more of group profits.

The financial problems of its insurance operations have coincided with serious financial problems at its refining and oil marketing operations. With Charter's problems increasing, suppliers began to withdraw the trade credit which had been used to finance the refining operations.

To raise money the group last week put its insurance operations up for sale. Although no price has been mentioned, analysts fear that a loss on the sale of the insurance group could further limit the *group's financial flexibility.*

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	S	17	63	Malaga	C	17	63	Salzburg	F	20	68
Akrotiri	S	18	64	Faro	F	19	66	Malta	F	19	66	Seoul	S	21	70
Algiers	S	25	77	Florence	S	20	68	Manila	S	37	99	Singapore	R	28	82
Amsterdam	S	13	55	Frankfurt	S	20	68	Miami	S	27	81	Stockholm	S	13	55
Athens	C	13	55	Funchal	F	20	68	Milan	S	21	70	Strasbourg	S	22	72
Bahrain	S	32	90	Geneva	S	20	68	Moscow	C	7	45	Sydney	S	24	75
Bangkok	S	35	95	Gibraltar	F	18	64	Munich	S	19	66	Taipei	C	23	73
Barcelona	S	17	63	Guernsey	S	14	57	Nairobi	C	27	81	Tangier	F	20	68
Beirut	F	19	66	Helsinki	S	12	54	Naples	S	18	64	Tehran	–	–	–
Belgrade	C	18	64	H. Kong	S	23	73	New Delhi	C	34	93	Tel Aviv	F	19	66
Berlin	S	16	61	Innsbruck	F	22	72	New York	C	14	57	Tenerife	F	22	72
Biarritz	S	27	81	Inverness	S	15	59	Nice	S	16	61	Tokyo	S	18	64
Blackpool	S	16	61	Istanbul	F	11	52	Oporto	F	20	68	Toronto	S	7	45
Bordeaux	S	24	75	Jersey	S	17	63	Oslo	F	13	55	Tunis	S	22	72
Brussels	S	17	63	Jo'burg	S	20	68	Paris	S	23	73	Valencia	F	18	64
Budapest	F	18	64	Las Palmas	F	23	73	Prague	S	16	61	Venice	S	19	66
B. Aires	C	18	64	Lima	S	24	75	Reykjavik	C	7	45	Vienna	F	18	64
Cairo	S	24	75	Lisbon	F	18	64	Rio de J'o	S	30	86	Warsaw	C	11	52
Cape Town	S	26	79	Locarno	S	20	71	Rome	S	19	66	Zurich	S	21	70
Caracas	C	30	86	London	S	16	61								
Casablanca	C	20	68	Los Angeles	S	32	90								
Copenhagen	S	15	59	Luxembourg	S	21	70								
Corfu	F	16	61	Madrid	F	20	68								
Dublin	S	14	57	Majorca	S	22	72								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Japan finance reform 'alive'

Continued from Page 1

been "heated" discussions on whether or not to exempt Euroyen bonds from the 20 per cent Japanese withholding tax and that the U.S. demand that foreign banks be permitted to handle Japanese pension fund business was "still very strong".

Stewart Fleming adds from Washington: U.S. officials still hope they will be able to agree on a joint statement with Japan on opening up Japan's capital markets by the middle of next month. Following talks in Washington last week, officials *expressed some optimism*

THE LEX COLUMN

West German equity in the kindergarten

The Bundesbank has for years been quietly grumbling about the parlous state of West German balance sheets and the failure of domestic stock markets to furnish risk capital. In its latest monthly report, published today, the central bank carries its analysis into the public domain and exonerates neither the banks, the investing institutions nor the corporate sector itself.

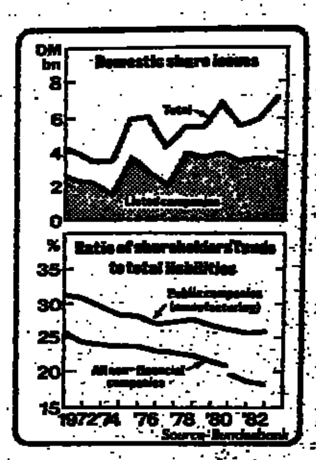
Ironically, the Bundesbank study appears at a time when the primary market for equities in West Germany seems to be awaking from its slumbers. Deutsche Bank is currently raising DM 565m through a rights issue, Hoechst announced last week that it was seeking DM 500m of fresh capital and Porsche has just pulled off a remarkably successful offer for sale, raising DM 330m.

The banks themselves are close to finalising plans for a second tier equity market, designed to tempt more companies into public ownership, and venture capital has suddenly become the most fashionable topic of conversation in Frankfurt's banking parlours.

Yet the recent activity, while welcome, does nothing to undermine the central bank's case. German chemical companies and commercial banks have always stood out as unusually heavy takers of equity capital; Porsche, meanwhile has driven up to the gates of the Frankfurt Stock Exchange, not out of any recognition of the virtues of equity capital, but because of a falling out among the controlling family shareholders. Nixdorf, the fast growing computer company, is planning to float 20 per cent of its equity within the next couple of months, although here again there is little evidence of a change of philosophy. Nixdorf has been discussing an offer for sale with Deutsche Bank since 1978. And, if the recent fuss over Reuters is any guide neither company would be exactly welcome in London. *In each instance investors are* being offered only non-voting preference stock.

The Government is currently reviewing the fiscal disincentives to equity ownership, but it is highly unlikely that tax reform alone will invigorate the primary market. When much the most significant barrier, the double taxation of dividends, was dropped in 1977, the impact on new issue volume was barely perceptible.

Far more important is the deep-seated reluctance of German investors to put their money into equities. Well over 50 per cent of German equities are owned either by



the non-financial corporate sector, as long-term investments, or by foreigners. Insurance companies, which are permitted to put over a quarter of their investment resources into domestic equities, have averaged an equity weighting of only 6 to 7 per cent in recent years.

Risk capital

Similarly, the envisaged stock market reform is hardly a giant leap for risk capital. The German banks have deflected suggestions that a brand new market should be created along the lines of Britain's Unlisted Securities Market and instead are pressing ahead with plans to ginger up an existing second tier market. Companies will in future be required to provide more regular trading information, in addition to a rough prospectus prior to the issue, but the vetting and induction of new listed companies will remain firmly in the hands of the banks.

Given the traditional rigidity of the German financial system, it would perhaps be unreasonable to expect more dramatic change. But the last recession has cruelly exposed the under-capitalisation of German industry and the present bull market, which has seen the FAZ index rise by almost 50 per cent since the beginning of 1983, offers an excellent opportunity to revitalise the notion of equity capital.

The Bundesbank's study finds, not surprisingly, that the incidence of insolvency among companies without access to public capital was very much higher than the average for industry as a whole during the recession. A highly geared balance sheet structure might have been appropriate during the years of heady post-war growth but, as the German economy adjusts to the prospect of more modest growth and more volatile corporate earnings, debt equity ratios look perilously high. Moreover, since corporate taxes commonly absorb between 55 and 60 per cent of domestic profits, the scope for reshaping balance sheets through retentions is very limited.

The Japanese corporate sector, confronted with a similar dilemma, has so far proved far more successful than its German counterpart in shifting the balance away from debt funding and towards equity. While Germany has had to contend with a variety of local obstacles to equity funding, there is little doubt that the active competition between banks and securities houses in Tokyo for corporate funding has encouraged the shift. In Frankfurt, by contrast, the banks have enjoyed a restrictive monopoly in the provision of both equity and debt finance.

Bull market

Equities have admittedly been competing with a Government bond market which, besides being large and liquid, has consistently offered real yields of over 2½ per cent. Yet, even in the recent equity bull market, little of the running has been made by domestic investors. Wella, the German hair care company which was successfully floated last year, reported recently that, although a comforting 13 per cent of its non-institutional shareholders were German housewives, over half the listed equity had passed into foreign hands.

Yet at the root of Germany's equity malaise lies the reluctance of companies to seek external finance. Accustomed to complete privacy in financial matters, most are reluctant even to publish trading information, with all the attendant publicity, let alone to see control pass into the hands of outside shareholders.

In this approach the banks have been, to say the least, willing partners. Until now, they have on the whole been unwilling to see profitable credit finance replaced by equity and to see their discreetly influential role on company boards diminished by the presence of outside investors. Moreover, since a poor secondary market performance would reflect badly on the reputation of a company's sponsoring bank, caution alone has sometimes dictated that a company remain private. This attitude now seems slowly to be on the wane. But the banks still have a responsibility to ensure that the present new issue wave represents more than a brief, bull market phenomenon.

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SECTION II & III – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday April 24 1984

Study finds need for international bank crisis agency

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

DOES THE international banking crisis point to the need for an international lender of last resort (ILLR) – some official agency with very deep pockets prepared to step in and save the world from financial collapse? If so, how clearly can its role be defined without giving bankers the idea that they can throw prudence to the winds?

Authorities in the leading industrialised countries have long been against the idea, mainly because of this "moral hazard." Bank supervisors also prefer to maintain banking discipline by supervising banks but leaving them responsible for their decisions.

The Basle Committee of international bank supervisors takes that view, and has confined its public utterances about last-resort lending to this delphic statement 10 years ago: The governors "recognised that it would not be practical to lay down in advance detailed rules and procedures for the provision of temporary liquidity. But they were satisfied that means are available for that purpose and will be used if and when necessary."

An attack on that position has been made in a new paper from the Institute of Development Studies, Sussex, which says that, far from fostering discipline in the markets, the Committee's line merely adds uncertainty and makes them less, not more, stable.

Moreover, what lender-of-last-resort facilities do exist are in the hands of national agencies in individual countries, which means they could never cope with the problems of large international banks whose tentacles reach into markets all round the globe.

"Current arrangements, based on general uncertainty and attempted ex-post coordination of international lender of last resort in cases of distress, are dangerously insufficient," it says.

But the authors, who are known for their radical views on matters of international finance, go a stage further by arguing that the authorities could use access to ILLR as a carrot to nudge banks into "more appropriate lending" to speed resolution of the LDC debt crisis.

That would include getting banks to:

- Make better use of information in their lending decisions;
- Lend counter-cyclically to smooth out the sharp ups and downs between euphoria and crisis;
- Diversify their lending, particularly towards poorer, less creditworthy countries.

The paper deals with the moral hazard by saying that onerous terms would have to be placed on any bank using ILLR: penal rates of interest and good collateral. The ILLR itself would operate by buying sovereign loans from banks at a deep discount and then reselling them at a slightly higher rate to the original borrower.

Banks would thus be relieved of doubtful loans, although at a loss, and the borrowers could renegotiate their loans on better terms.

Hand in hand with ILLR, there would have to be much tighter banking supervision to cut out "free riders" and keep the costs of operating it to a minimum. In the give and take of relations between banks and supervisors, bankers would be much readier to accept closer control in return for more explicit ILLR, it argues.

Like many of the ideas put forward to ease the LDC crisis, the Sussex group's looks attractive, but it is hard to see the key players – in this case central banks and bankers themselves – accepting it.

International lenders of last resort: are changes required? By D Stephany Griffith-Jones and Prof Martin Lipton, Institute of Development Studies, Sussex. An occasional paper in international trade and finance published by Midland Bank International, March 1984.

Demand reappears for low-risk Eurobonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

"EASTER'S getting just like Christmas without the bonus," moaned one investment banker last week.

But that was on Tuesday when the Eurobond market seemed to have ground to a halt ahead of the long weekend holiday. On Wednesday the atmosphere changed dramatically with the launch of no less than $900m worth of new paper in the dollar sector in a single day. To everybody's surprise the bonds were pretty well absorbed in a market that had until then appeared almost wholly unresponsive.

This is not to say that the Eurobond market has by any means shaken off its worries about the trend of short term interest rates. Six month Eurodollar deposits edged even higher last week, closing ¼ point up at 11¼ per cent. In the secondary market bond prices fell quite sharply at the start of the week and then traded quietly around their lower levels ahead of the holiday break.

What last week's developments do suggest, however, is that there is potentially strong investor demand for some types of issue, even if it is now highly selective. "The market is simply not quite as dead as some would have us believe," said one banker. On Wednesday it got a taste of what it was looking for.

The star performer was the new $500m convertible issue for Texaco, which follows hard on the heels of its $1bn bond launched last month. Though that was the largest convertible on record, it was still not enough to satisfy all investor demand.

The new deal was launched as a "bought" issue by Credit Suisse First Boston, a process which can leave the lead manager with serious headaches if the market turns against the issue. But the gamble paid off and on Thursday the bonds were trading at a narrow discount of about 1 point from their par issue price.

Hungary rejoins World Bank for financing

BY OUR EUROMARKETS CORRESPONDENT

HUNGARY is to return to the Euromarkets shortly for its second major co-financing with the World Bank.

It is planning to raise a total of $285m and Y23bn ($102.8m) to finance projects in its industrial and petroleum sectors designed to boost exports and reduce energy demand. As with last year's co-financing, the World Bank is expected to lend about 15 per cent of the total sought in both the dollar and yen tranches.

Pricing details of the new co-financing deal remain to be agreed, but it is already generating considerable interest in the banking community. Hungary was the first important test of the World Bank's new co-financing scheme last year, and the fact that it is returning so soon underlines the way in which this new mechanism has gained market acceptance. Another recent co-financing, the $175m loan for Colombia's electricity board FEN, closed syndications last week with more than $70m raised from the market.

The new deal also confirms Hungary's growing international creditworthiness. With a general shortage of lending opportunities, banks are increasingly turning towards Eastern Europe again. The recent $150m bankers acceptance facility for Hungary was increased to $210m because of strong demand.

Competition for new business in the credit market continues, however, to force banks to improve the terms on offer to borrowers. Large new loans expected for both Malaysia and Denmark are expected to appear shortly on very low margins, while the $100m standby facility for Gaz de France, launched ten days ago by Chase Manhattan and Société Générale, had already attracted $230m from the market by the end of last week and is set for substantial increase despite its long 12-year maturity.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Japan Synthetic Rubber ¶‡	30	1989	5	7¾	100	Yamaichi Intl., IBJ Intl., BHF-Bk.	7.750
Fujikura Ltd. ¶‡	30	1989	5	7¾	100	Nomura Intl.	7.750
Sumitomo Corpn. §‡	70	1999	15	2⅞	100	Daiwa Eur., Schroder Wagg, Sumitomo Fin.	2.875
Texaco §‡	500	1994	10	11¾	100	CSFB, Goldman Sachs, SBCI, UBS Secs., Deutsche Nomura Intl., Mgn. Stanley	11.750
Götabanken †‡	50	1994	10	⅛	100	Samuel Montagu	–
Bankers Trust †(b)ⵁ‡	200	1996	12	⅛	100	Bankers Tst. Intl., CCF, CSFB, Lehman Bros.	–
World Bank †(c)††‡	150	1989	5	½	100	First Boston Corpn.	–
Am. Savings & Loan ‡	100	1989	5	12¼	100	Salomon Bros., Bear Stearns, CSFB	12.250
Kyowa Bank ‡	100	1990	6	12⅞	99¾	Salomon Bros., Kyowa Bk. Ned., Mgn. Stanley	12.937
D-MARKS							
Daikin Inds. §‡	80	1990	6	3	100	West LB	3.000
SATS **‡	50	1991	7	8	99¼	BHF-Bank	8.145
ISEC ‡	100	1994	10	7½	100	Deutsche Bank	7.500
SWISS FRANCS							
Mount Isa Fin. ‡	100	1994	–	5¾	100	UBS	5.750
Tokyo Steel **§‡	30	1989	–	1¾	100	UBS	1.750
NTN Toyo Bearing **§‡	100	1989	–	1¾	100	SBC	1.750
Tsubakimoto Seiko **§‡	40	1989	–	1¾	100	UBS	1.750
Furukawa Electric **§‡	100	1989	–	1¾	100	SBC	1.750
Toshiba §‡	100	1992	–	2	100	CS	2.000
Toshiba **§‡	100	1989	–	1¾	100	CS	1.750
Sumitomo Realty **§	85	1989	–	2	100	CS	*
Mitsubishi Mining **	30	1989	–	5¾	*	CS	*
Takasago Thermal Eng.**§‡	20	1989	–	1¾	100	Nikko (Switz.) Fin.	1.750
Taio Paper Mfg. **‡	30	1989	–	5⅞	100	SBC	5.875
Japan Devt. Bank**‡	150	1989	–	5¼	100	CS	5.250
Bay. Ferngas **‡	40	1989	–	5¼	100	CS	5.250
Nachi-Fujikoshi Corpn. **¶	50	1989	–	3½	100	UBS	*
Koito Mfg. **§	50	1989	–	2⅛	100	Citicorp Bk. (Switz)	*
World Bank	150	1992	–	*	*	UBS	5.750
Canada	200	1992	–	*	*	SBC	5.250
STERLING							
Air Canada ‡	40	1994	10	11¼	100	SG Warburg, County Bk., Wood Gundy	11.250
GUILDERS							
Denmark **‡	100	1991	7	8½	99¾	Amro Bank	8.549
ECUs							
‖‡	35	1992	8	0	100	Bque. Indosuez, Abu Dhabi Invst. Co., Daiwa Eur., Kredietbank Lux., Postipankki	10.570
YEN							
World Bank ‡	20bn	1994	10	7	99⅝	Nikko Secs.	7.054
Mtge. Bk. of Denmark ‡	15bn	1994	9	7.4	99.75	Daiwa Secs.	7.574
CNP **‡	5bn	1991	6.4	8	99.75	Daiwa Secs.	8.209
Trinidad & Tobago **‡	5bn	1991	6.4	8	99.50	Nomura Secs., Bk. of Tokyo, Tokai Bk.	8.259
EIB ‡	20bn	1994	9	7.3	99.65	Nikko Secs.	7.485

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. (b) Spread over 3-month Libor. (c) Spread over 91day T-Bills. ⵁ Repayable in equity. ¶ With warrants. ‖ Redemption at 218.
†† Registered with U.S. S.E.C. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Investors sit tight as market shows its skittish side

BOND PRICES sank to new lows last week amid continuing concern about the fast pace of economic growth, soaring credit demand, and a growing conviction that interest rates—and potentially inflation—are heading higher.

In this pessimistic atmosphere most potential retail investors are steering clear of the markets. Those who remain—mostly hardened professionals—appear to be taking advantage of any slight pick-up in prices to lighten their portfolios.

Underpinning the markets' extreme skittishness is a feeling that economic statistics have yet to prove conclusively that the pace of the economic recovery is now moderating.

Among a mixed bag of statistics published during the four-day Easter week, the Commerce Department produced revised first quarter GNP figures which showed the economy growing at an annual rate of 8.3 per cent, up from the "flash" estimate of 7.2 per cent. While about half of the increase can be attributed to the accumulation of business inventories, such numbers still scare the market. Today dealers will have the chance to match these fears against reality with the publication of the March Consumer Price Index.

Meantime, other statistics are providing ample evidence of sharply increasing private credit demands. Outstanding commercial paper grew by a further \$1.57bn to \$201.42bn in the week ending April 11 and last week the Fed estimated that total outstanding debt in the U.S., excluding that of financial corporations, grew at an annual rate of 12.1 per cent in February to an average of \$5,325bn.

Against this background market participants are increasingly wary of the longer-term fixed rate markets, prefering to buy floating rate securities or stay short.

Last week Treasury Bill rates were virtually unchanged for the second week in a row while the yield on the Treasury long bond climbed a further 16 basis points to 12.75 per cent.

Thus the yield spread from three months to 30 years has widened by 30 basis points in two weeks. This steepening of the Treasury yield curve reflects not only investor caution but also technical factors like the Fed's outright purchase of Treasury Bills early in the week and the reduction in the size of the weekly Treasury Bill auction—made necessary once again by a looming Federal debt ceiling.

Such factors may continue to play an important role in the markets over the next two weeks as the Fed grapples with the impact of April tax receipts Which, according to Salomon Brothers, are likely to swell the Treasury balances by \$15bn or more by the end of this month.

The extreme nervousness of the markets was highlighted last Wednesday when bond prices declined sharply amid a wave of rumours—all denied—the most startling of which was that Paul Volcker, the Fed chairman, had resigned.

Strikingly an investor who purchased Treasury long bonds in early January at their peak prices and held onto them would have seen his investment slip by a full 10 points.

The corporate markets have fared little better. Last week medium term corporate bond prices fell by ¾ points while long term issues declined by ⅞ points.

New issues were generally well received but prices lost ground in retail trading. Among the new issues, Pennsylvania Power and Light sold \$125m of 13¼ per cent 10-year bonds priced to yield 13.546 per cent and Carolina Power and Light sold \$100m of 13¾ per cent 10-year bonds at par. Among the floating rate issues, the World Bank sold \$150m of five-year notes and First City Bancorp of Texas sold \$100m of 12-year notes.

Paul Taylor

U.S. INTEREST RATES (%)

	Week to Apr 19	Week to Apr 12
Fed funds weekly average	10.37	10.13
3-month CD's	10.56	10.37
3-month T-Bills	9.70	9.77
30-year Treasury Bond	12.72	12.37
AAA Utility	13.75	13.75
AA Industrial	13.63	13.38

Source: FT estimates.

In the week ending April 9 M1 rose by \$3bn to \$536.4bn.

Dome Petroleum agrees further debt rescheduling

BY BERNARD SIMON IN TORONTO

DOME PETROLEUM, the debt-burdened Canadian oil and gas producer, has reached another conditional agreement with several large lenders for the rescheduling of debts which total around C\$6bn (\$4.7bn).

The company signed similar letters of understanding with two of its eight lender groups last week, including the largest, a syndicate headed by Citibank.

The latest agreement is with Dome's four major Canadian creditors, Royal Bank, Canadian Imperial Bank of Commerce, Bank of Montreal, and Toronto-Dominion Bank. The company said that unspecified payments of principal have already been made to the banks under the new rescheduling plan. Its total debt to the four Canadian banks is C\$2.4bn.

Conditions for the agreements signed so far include the conclusion of debt rescheduling negotiations with other lender groups by the end of this month, the signing of formal agreements by the end of June, and the completion of Dome's planned equity issue, expected to be for at least C\$350m.

A Dome official said the terms of the rescheduling plan are unlikely to be disclosed until all legal formalities are completed.

A portion of the four Canadian banks' loans to Dome, known as the Dome energy loan, is guaranteed by Dome Mines, in which Dome Petroleum has a 40 per cent interest.

Dome Mines said in a separate statement that it has agreed with Dome Petroleum and the banks that the maximum amount of its guarantee will be reduced from C\$225m to C\$145m if Dome Mines buys C\$70m of Dome Petroleum's forthcoming share issue.

Earlier this month, Dome reported a 1983 net loss of C\$1bn, against a deficit of C\$369m a year ago. The loss, the largest ever by a Canadian company, was mostly due to write-downs and the cost of disposing of assets.

Inland Steel climbs out of red

BY OUR NEW YORK STAFF

AFTER a run of two-and-a-half totally unprofitable years, Inland Steel, the fifth largest U.S. steel company, broke back into the black in the first quarter of this year to declare modest earnings of \$2m.

The profits figure, the equivalent of 2 cents a share, compares with a loss of \$19.99m, or 83 cents a share a year ago, and was achieved on sales of \$878.4m against \$669.6m in 1983. Operating profits, before interest charges, amounted to \$21.2m, against a loss of \$18.5m last year.

Mr Frank Luerssen, the chairman, said that the results were achieved despite sluggish product prices, and reflected a continuing improvement in the company's cost structure.

Demand, however, had continued to increase, so that plants were operating at around 80 per cent of capacity in the quarter against 71 per cent in the final three months of last year. The operating rate has continued to move up during the present month.

At 1.32m tons in the first quarter, steel shipments were 23 per cent higher than the 1.07m tons delivered in the same period of last year, but slightly down on the 1.33m in the final quarter of 1983.

Mr Luersson added that bookings continued to exceed expectations, but warned that rising interest rates could curtail the current economic expansion.

Reduced deficit from Imetal

By Paul Betts in Paris

IMETAL, the French mining and metals group, reduced group losses to FFr 570m (\$70m) last year from a deficit of FFr 643m in 1982.

The group, which was involved in a series of major asset changes last year, said sales last year totalled FFr 7bn, the same level as in 1982 on a comparable basis.

A major reason for the lower deficit was the state rescue for the former financially troubled Imetal subsidiary, Societe Le Nickel, the New Caledonian nickel mining concern which has now come under 70 per cent ownership of the state-owned Erap oil holding company. Imetal formerly held 50 per cent of the loss making Le Nickel concern.

Moreover, Imetal said there was a recovery at its Penarroya lead, zinc and non-ferrous metal subsidiary as a result of the upturn in the zinc market. Penarroya lost FFr 176.6m last year compared with losses of FFr 384m in 1982.

The group also said a recovery was taking place at its U.S. Copperweld subsidiary which lost \$22m last year. Imetal said sales had recovered strongly in the fourth quarter of 1983 and the upswing had continued this year.

Strong profit gains at BSN and Pernod

BY DAVID HOUSEGO IN PARIS

TWO OF France's largest food and drinks groups report sharply increased profits for 1983.

BSN, whose interests stretch from dairy products to beer, said net earnings rose by 29 per cent to FFr 741m on the basis of a 13 per cent increase in turnover to FFr 24.9bn.

Pernod Ricard, the spirits and soft drinks group boosted its net profits by 27 per cent to FFr 471m on a slightly increased turnover of FFr 7.57bn.

BSN experienced strong growth in drinks, groceries and packaging. The dairy products division, however, made a smaller contribution to net profits because of a strike at its U.S. subsidiary.

Group cash-flow increased from FFr 1.7bn in 1982 to FFr 2.1bn last year. The dividend is being raised from FFr 50 to FFr 52 per share.

Pernod offset a disappointing performance in spirits sales by a 34 per cent increase in non-alcoholic beverage turnover. The group's overseas sales now account for 29 per cent of total turnover, compared with 25 per cent last year.

Pernod's dividend remains unchanged at FFr 27 per share.

Bahrain offshore group in share swap with affiliate

BY MARY FRINGS IN BAHRAIN

GULF INVESTMENTS (GIC), a Bahrain-registered offshore company which took a \$76m write-off against its capital last year in the aftermath of the Kuwaiti stock market crisis, is seeking to acquire an affiliate company in a share swap with a nominal value of \$64m.

GIC is awaiting a report from an independent auditor appointed by Bahrain's Ministry of Commerce, on its proposal to issue 256m new shares par value 25 U.S. cents) and exchange them for shares in S.I.I.F. (Holding), a company registered in the Netherlands' Antilles.

S.I.I.F., an international investment group, is already owned 10.5 per cent by GIC, and its general manager and three of its directors act for both companies. Through S.I.I.F., GIC has a 1 per cent interest in SBHU Holdings, the parent company of the New York investment bank Smith Barney Harris Upham, together with a 2.4 per cent interest through another affiliate, Rabia Holding.

INTERNATIONAL APPOINTMENTS

Changes at Procter & Gamble

● THE PROCTER & GAMBLE CO., has made the following appointments from June 1. **Mr Edwin L. Artzt**, executive vice-president, has been elected vice-chairman of the board and president, Procter & Gamble International. Mr Artzt will continue to be responsible for all international operations. **Mr Thomas Laco**, executive vice-president, becomes vice-chairman of the board. Mr Laco will have broad responsibility for the company's staff as well as responsibility for the pharmaceutical and food service products operations. **Mr John E. Pepper**, group vice-president, is made an executive vice-president. Mr Pepper will move to Cincinnati from Brussels, Belgium, and assume overall responsibility for U.S. consumer products business except the Norwich division. **Mr Harald Einsmann**, vice-president — Northern Europe, is elected group vice-president. Mr Einsmann will have overall responsibility for the European operations, succeeding Mr Pepper. **Mr Robert T. Blanchard**, vice-president—bar soap and household cleaning products division, becomes vice-president — Northern Europe, succeeding Mr Einsmann. **Mr Charles C. Carroll**, vice-president—Norwich division, is made vice-president—bar soap and household cleaning products division, succeeding Mr Blanchard. In a related move, **Mr Harry Tecklenburg**, senior vice-president, will assume responsibility for the Norwich division.

● **Mr Richard A. Brooke** has been appointed principal financial officer of the BIOGEN GROUP, the bio-engineering subsidiary of Biogen SA. of Geneva. Mr Brooke also becomes vice-president, finance, of Biogen Inc. and Biogen Research Corporation, the U.S. operating subsidiaries.

● **Mr Claus Nuescheler** has been appointed chairman of STANDARD CHARTERED BANK, Zurich.

● **Mr Raymond J. Dempsey** has been elected chairman and chief executive officer of EUROPEAN AMERICAN BANCORP and its major subsidiaries, European American Bank & Trust Co. and European American Banking Corpn. Mr Dempsey had been chairman, president and chief executive officer of Fidelcor, Inc. and its major subsidiary, Fidelity Bank of Philadelphia. He succeeds **Mr Harry E. Ekblom**, who left EAB at the end of 1983.

● NATIONAL ASSOCIATION OF SECURITIES DEALERS INC. (NASD) has named **Mr John E. Pinto, Jr.**, senior vice-president for compliance, **Mr Douglas F. Parrillo**, senior vice-president for communications, **Mr S. William Broka**, vice-president for NASDAQ operations, and **Mr James M. Cangiano** as NASD corporate secretary.

● **Mr David Barron**, presently deputy agent at the ROYAL BANK OF SCOTLAND'S San Francisco agency, has been appointed senior representative at its Los Angeles representative office. He succeeds **Mr Philip H. Jacobs**, who is shortly to receive another appointment. **Mr James M. Stott**, previously an international banking officer at the bank's head office in Edinburgh, has been appointed assistant manager at the New York branch.

● **Mr Ted H. Hull**, vice-president—commercial operations, Allstate Insurance Co., and senior vice-president, Northbrook Property & Casualty Insurance Co., has been elected chairman of AMERICAN NUCLEAR INSURERS (ANI). He succeeds **Mr Nicholas F. Miller**, vice-president and actuary, Aetna Life & Casualty, as chairman. **Mr John C. Morrison**, senior vice-president — underwriting, property casualty group, CIGNA Corpn., has been elected vice-chairman. Mr Morrison succeeds **Mr Frank E. Raab**, former president and chief executive officer of Allianz Insurance Co., as vice-chairman.

● GAINSCO, INC., U.S. underwriter, has appointed **Mr Jack L. Johnson** senior vice-president, underwriting. He joined Gainsco in June 1979, as vice-president, marketing/underwriting.

● INTERNORTH INC. has elected president and chief executive **Mr Sam F. Segnar** to the additional post of chairman. He replaces **Mr Willis A. Strauss** who is retiring on May 1 as chairman and chief policy officer. Mr Strauss will remain a board member.

● **Mr Lawrence C. Hofmann** has joined BARNARD AND BURK GROUP, INC., as corporate vice-president — business development. Prior to joining Barnard and Burk Group, Mr Hofmann was employed by Crawford & Russell Inc., a subsidiary of John Brown, where he was responsible for sales and business development across the eastern, north central and western U.S.

● **Mr Robert W. Michael** has been named president and chief operating officer of JIM WALTER HOMES, INC., a subsidiary of Jim Walter Corporation. He succeeds **Mr Thomas L. Hires**, who is assuming the role of chairman after having served as president for the past 11 years. Mr Michael has been a vice-president of Jim Walter Homes since 1975.

● **Mr Heinrich Wirth** has been appointed deputy general manager of ZURICH INSURANCE CO., Zurich.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	94⅜	94⅞	−0⅛	−0⅛	12.72
American Savings 12 89	125	99½	100	−0¼	−0½	12.06
Australia Com. 11¼ 90	100	97⅝	98⅛	−0¼	−0⅝	11.70
Australia Com. 11½ 95	300	91¾	92¼	−0½	−0⅝	12.84
Australia Com. 11⅝ 98	100	91¾	92¼	−0⅜	−0⅝	12.84
Australian I. Dv. 11 89	75	94⅜	94⅞	−0⅛	−0⅝	12.63
Bank of Tokyo 11⅞ 90	100	94¾	95¼	−0½	−0⅝	13.00
Beneficial O/S F. 12 91	100	93½	94	−0½	−0½	13.43
Britoil Fin. 11⅞ 90 ...	125	94⅞	95⅜	−0¼	−0¾	12.99
Canada 10⅞ 88	500	96⅝	97⅛	−0½	−0¼	11.76
CCCE 12⅝ 95	75	95½	95⅞	−0⅜	−0⅞	13.36
DNC 11½ 91 WW	50	93¼	95	−0¼	−0⅛	13.02
DNC 11¾ 91 XW	50	92⅞	93⅜	−0⅛	−0⅝	13.29
Denmark Kgdm. 12 91	100	94⅜	94⅞	−0⅝	−0⅝	13.22
Denmark Kgdm. 12½ 93	100	95⅞	96⅜	0	−0¼	12.94
Digital Equip. 11¾ 89...	150	97	97½	−0½	−0¾	12.52
Dutch Mines 11¾ 91 ...	150	93	93½	−0⅜	−0¼	12.90
EDC 11⅛ 89	150	94⅛	94⅝	−0⅜	−0⅝	12.73
EEC 12 93	50	96	96½	−0⅜	−0½	12.66
EIB 11½ 90	200	92⅞	93¼	−0½	−1¼	13.10
Eksportfinans 11½ 90...	100	92⅝	93⅛	−0½	−1	13.15
Gen. El Cr. 11 91 WW	200	91⅞	92½	−0¼	−⅛	12.78
GMAC O/S Fin. 11⅜ 90	100	95⅜	95⅞	0	−0⅜	12.36
Gulf & Western 12⅛ 89	100	97½	98	−0¼	−0¼	12.75
III 12 89	100	96⅛	96⅝	−0⅜	−0⅜	13.03
Ind. Bk. Japan 11½ 89	125	95¼	95¾	−0⅜	−0⅝	12.78
Ind. Bk. Japan 11⅞ 91	100	94⅞	95⅜	−0½	−0⅝	12.88
Int. Ppr. O/S Fin. 12 91	75	97⅜	97⅞	−0¼	−0⅛	12.52
ITT FiFnan. 11¾ 89 WW	125	96⅝	97⅛	−0¼	−0½	12.28
J. P. Mrgn. 11⅜ 90 WW	150	93⅜	93⅞	−0⅞	−0½	12.87
LTCB 11⅞ 89	100	95⅜	95⅞	−0¼	−0½	13.12
LTCB 12⅜ 90	85	97⅜	98⅛	−0¼	−0¼	12.96
Macy O/S 11¼ 91	100	94⅞	95⅜	−0⅛	−0½	12.84
Mitsui Trust Fin. 12 91	100	94⅝	95⅛	−0⅜	−0⅞	13.13
Montreal City 12½ 91...	70	97¼	97¾	−0⅜	−0⅜	13.06
Ned. Gasunie 11¾ 91...	75	93½	94	−0¼	−0¼	12.65
Nippon Credit 11⅞ 90...	100	94⅛	94⅝	−0⅜	−1	13.16
Nippon Tele. 11⅜ 90	100	95¾	96¼	−0⅜	−0⅝	12.35
Nova Scotia Pr. 11¾ 91	100	95¼	95¾	−0⅜	−0⅝	12.75
Ontario Hydro 11⅝ 94 ..	200	93¼	93¾	−0⅜	−0⅝	12.81
Pacific Gas & El. 12 91	75	95⅛	95⅝	−0⅛	−0⅝	12.96
PK Banken 12 90 WW	75	94	94½	−0⅜	−1	13.32
Prudential 10⅜ 93 XW	150	84⅞	85⅜	+0¼	−0⅜	12.85
Quebec Hydro 11½ 92...	100	†94⅜	94⅞	+0¼	−0⅝	12.52
Quebec Prov. 12¼ 94 ..	150	97⅝	98⅛	−0¼	−0½	12.82
Royal Bk. Can. 11½ 89	100	94⅞	95⅛	−0⅛	−0⅞	12.89
Rural & Ind. Bk. 12 91	50	95	95½	−0¼	−0⅜	13.07
Sears O/S Fin. 11½ 88	125	98⅛	98⅝	−0¼	−0½	11.90
Sears O/S Fin. 11⅝ 91	150	93¾	94¼	−0⅛	−0⅛	12.98
S. Pac. O/S FF. 11¾ 89	75	†94	94½	−0½	−0½	13.28
Sec. Pac. O/S F. 12 92	100	95⅝	96⅛	−0⅛	−0½	12.85
SEK 11½ 89	100	93½	94	−0½	−1⅛	13.31
Shearson/Amex 12⅞ 94	100	94¼	94¾	−0¼	−0⅝	13.16
Texas Inst. Int. 11⅞ 91	150	94½	95	−0¼	−0⅛	13.06
Tokai Asia 12¼ 91	100	95⅝	96⅛	−0¼	−0⅜	13.18
World Bank 11¼ 90 ...	200	92¾	93¼	−0½	−0¼	12.86
World Bank 11¾ 89 ...	200	95⅛	95⅝	−0⅛	−0½	12.69
World Bank 11½ 90 ...	150	93⅞	94⅜	−0⅝	−0⅜	12.88
World Bank 12 93	200	96	96½	−0⅜	−0⅝	12.67
Yasuda T. & F. 12⅜ 89	100	96½	97	−0⅜	−0⅛	13.30

Average price changes... On day −0⅜ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	99⅝	100⅛	−0¼	−0⅜	7.51
Amca Intl. 8¼ 91	100	100⅛	100⅞	0	−0⅜	8.15
ANAS 8½ 91	150	100½	101	−0¼	+0⅜	8.34
Austria, Republic 7⅝ 94	200	98⅜	98⅞	−0⅛	−0⅛	7.86
Barclays O/S 8⅛ 98	250	101	101½	0	−0⅜	7.96
Baxter Travenol 7¼ 94	200	97⅝	98⅛	0	−0⅝	7.56
Credit National 8⅛ 94	200	99⅝	100⅛	−0¼	−0⅜	8.14
Degussa Int. Fin. 7½ 94	100	100⅝	101⅛	−0⅜	−1⅛	7.35
EEC 8 92	200	100	100½	−0¼	−0½	7.92
EIB 8 91	250	100⅛	100⅞	−0¼	−0¼	7.90
Ferrovie Dello St. 8 91	100	98⅞	99⅜	−0¼	−0⅜	8.17
Finland Rep. 7½ 91	150	97⅝	98⅛	−0½	−0¼	7.81
Int. Standard Ele. 7¼ 90	100	101⅜	101⅞	−0¼	−0⅜	7.07
Megal Fin. 8¼ 94	150	99⅝	100⅛	−0¼	−0⅛	8.24
Mitsbshi. H. 3½ 89 WW	300	102⅝	103⅛	−0⅛	−0⅜	2.67
Mitsbshi. H. 3½ 89 XW	300	84⅜	85½	0	−0⅜	7.17
Nippon Flr. 3½ 89 WW	30	†95	96	0	−0⅝	4.53
Nippon Flour 3½ 89 XW	30	†83	84	0	+0¼	7.82
OKB 7½ 88	100	99⅝	100⅛	−0⅜	−0¼	7.52
Pepsico O/S Fin. 7⅛ 94	250	99¼	99¾	−0⅛	−0¼	7.32
Reynolds O/S F. 7¾ 94	125	101	101⅜	+0⅛	0	7.29
Sth. Africa Rep. 8½ 91	200	101	101¾	+0⅜	−0⅛	8.24
SNCF 8¼ 93	100	100⅜	100⅞	−0¼	−0⅛	8.02
World Bank 7¾ 89 ...	100	101	101½	−0⅜	−0½	7.42
World Bank 8 93	300	100	100½	0	−0½	7.93
World Bank 8 94	200	99⅞	100⅜	−0⅛	−0⅞	7.97

Average price change... On day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 6 94	100	100½	100¾	−0¼	−0⅛	5.91
Australia Comm 5¾ 96	60	99¾	100	0	+0⅛	5.14
Austria Republic 5½ 94	150	99½	99¾	0	+0⅛	5.55
Cofiroute 7 94	80	102¾	103	+0¼	−0¼	6.59
EIB 6¾ 96	125	101¼	101½	+0⅛	−0⅛	6.58
Elec. Power Dev. 5⅝ 93	100	100⅝	101	0	+0⅛	5.60
Finland Republic 5¾ 94	100	99½	100	0	+0½	5.78
Int.-Am. Dev. Bk. 6 93	100	100¾	101	+0⅛	+0⅞	5.87
Ireland 6½ 93	80	102	102¼	0	−0⅝	6.19
Japan Dev. Bank 5½ 94	100	101¼	101½	+0¼	+0⅛	5.31
Japan Fin. Corp 5½ 94	100	99½	99¾	−0¼	−0⅛	5.55
Jap. Highway P. 5¾ 91	100	102	102¼	+0¼	−0⅛	5.27
Kyushu Ele. Pwr. 5⅝ 92	100	101½	101¾	+0⅜	+0⅛	4.36
Mont Blanc Tunl. 6¾ 93	35	†102	102½	+0⅛	−0⅛	6.05
Nat. Aust. Bk. 5⅞ 94	100	99½	99¾	−0⅛	−0⅛	5.87
Newscorp 6¼ 94	175	101¾	102	+0⅛	+0⅛	5.99
Nippon Express 5⅝ 94	100	99	99¼	−0⅛	−0⅛	5.89
Nippon Tel. & T. 5¾ 93	100	102½	102¾	−0⅛	−0⅛	5.39
Nip. Yusen K. K. 5⅜ 92	100	100	100⅛	0	−1⅛	5.73
OKB 5¾ 92	100	101½	101¾	0	−0⅛	5.49
Quebec Province 5⅝ 93	100	101¼	101½	0	+0⅛	5.40
Shikoku Elec. Pwr. 6 91	100	101¼	101½	−0⅜	−0⅞	5.76
Soc. Lux. Cnt. 5¾ 93...	100	100½	100¾	0	−0⅛	5.66
Tohoku El. Pwr. 5⅞ 92	100	100½	100¾	+0⅛	+0⅛	5.85
World Bank 5⅝ 94	200	99	99¼	−0¼	−0⅛	5.87

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 7⅝ 94	15	99½	100	−0⅛	−0⅛	7.41
Eurofima 7¼ 94	10	99⅝	100⅛	−0⅛	−0⅝	7.39
Int.-Am. Dv. Bk. 7⅞ 93	15	101⅜	102⅛	−0⅜	−0⅜	7.58
New Zealand 7⅞ 89	15	103⅛	103⅝	−0⅛	−0⅛	6.82
World Bank 7⅝ 93	20	101⅝	102⅛	−0⅛	−0½	7.32

Average price changes... On day −0⅛ on week −0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Br. Col. Hyd. 12 93 C$	125	94¾	95¼	−0⅛	+0⅝	12.90
Br. Col. Tel. 12¾ 99 C$	70	95⅝	96⅛	−0⅛	−0⅛	12.87
Canadn. Oc. 12¾ 99 C$	60	†96¼	96¾	−0⅛	−0⅛	12.90
EIB 12½ 91 C$	80	†96½	97	−0¼	−0⅛	12.78
Loblaw 12½ 90 C$	35	†95½	96	−0¼	−0⅛	13.46
Montreal City 12 90 C$	50	†97⅛	97⅝	−0⅛	−0⅞	12.57
World Bank 12⅛ 90 C$	75	†98	98½	−0⅛	0	12.62
EIB 11¼ 96 ECU	50	†98⅛	98¾	−0⅛	−0⅛	11.43
Royal B Cn 10½ 89 ECU	85	98⅞	99⅜	+0¼	+0⅛	10.73
Amro Bank 8 89 Fl	200	99½	99⅞	0	−0⅛	8.15
Amro Bank 8¾ 88 Fl	100	103	103½	0	−0⅛	7.24
Bk. Mees & H. 8¼ 89 Fl	100	99¾	99⅞	0	0	8.34
Int. Stand. El. 8½ 89 Fl	100	102	102½	0	+0⅜	7.91
PHP 8¼ 88 Fl	75	99⅞	100⅜	+0⅛	+0⅛	8.21
Rabobank 9 88 Fl	100	103⅛	104⅛	0	+0⅛	7.95
OKB 14 86 FFr	400	100⅞	101⅜	+0⅛	−0⅛	13.02
Solvay et C. 14¾ 86 FFr	200	101⅜	102⅛	0	−0⅛	13.44
BFCE 11⅜ 88 £	50	100⅛	101⅛	−0⅛	−0⅛	11.21
Ciba-Geigy Int. 6¾ 93 £	25	99⅛	101	−0⅛	−0⅛	6.71
Commerzbank 11½ 90 £	25	100	100½	−0⅛	−0½	11.41
Denmark 10⅜ 89 £	75	96⅞	97⅜	−0⅛	−0⅛	11.57
EEC 11¾ 94 £	50	98⅛	98⅞	−0⅛	−0⅛	11.80
EEC 11⅞ 93 £	50	100⅛	100⅝	−0⅛	−0⅛	11.78
FIB 10⅝ 92 £	50	95	95½	−0⅛	−0⅛	11.69
Finland Rep. 11⅜ 88 £	50	101⅛	102⅛	−0⅛	−0⅛	11.19
Forsmarks 10⅝ 98 £	40	96	96½	−0⅛	−0⅛	11.15
IBJ 11⅜ 96 £	30	98⅞	99⅜	−0⅛	−0⅛	11.74
III 10⅝ 93 £	25	95⅞	96⅜	0	−0⅛	11.39
Int. Stand. El. 11⅜ 89 £	50	99⅛	99⅞	−0⅛	−0½	11.20
SNCF 11¼ 94 £	80	96⅞	97⅜	−0⅛	−0⅞	11.82
World Bank 10⅝ 89 £	100	97⅜	98	−0⅛	−0⅛	11.27
World Bank 11⅛ 88 £	100	99⅞	100⅛	−0⅛	−0⅛	11.05
Electrolux 10 89 LuxFr	500	98	99	+0⅛	+0⅛	10.39
Europarat 10⅝ 93 LuxFr	600	99⅛	100½	−0⅛	0	10.75

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Banking 5¼ 96	0¼	†98½	98⅞	15/9	10.81	10.96
BBL Int. 5 99	0¼	98⅝	98⅞	11/10	11.19	11.33
Banque Indosuez 5¼ 99	0¼	99	99⅛	21/9	11.06	11.16
Barclays O/S I. 5 2004	0⅛	98⅝	98⅞	2/9	10.56	10.72
BFG Fin. 5¼ 96	0¼	99	99¼	1/6	10⅛	10.47
Commerzbk. 5¼ 89 XW	0	99⅜	99⅝	21/5	10	10.08
Creditanstalt Bk. 5 96	0⅛	98⅝	98⅞	23/8	10½	10.69
Dresdner Fin. 5¼ 89	0	98⅞	99⅛	23/5	10¼	10.33
EDF 5¼ 99	0¼	98⅝	98⅞	23/8	10.56	10.72
EEC 5 90	0⅛	99⅞	100	5/7	10⅛	10.39
Ferrovie Stato. 5¼ 99	0¼	98⅝	99	31/8	10.69	10.81
Grindlays Euro. 5¼ 94	0⅜	99⅛	99⅜	1/8	10¼	10.31
Lloyds Euro. 5 2004	§0⅛	96⅛	96⅜	18/4	5	5.08
Midland Int. Fin. 5 99	§0⅛	98⅛	98⅝	8/9	10.56	10.71
Mitsui Finance 5¼ 98	0⅛	98⅞	99⅛	1/9	10.58	10.87
Mort Bk Denmark 5¼ 99	‡0⅛	99⅛	99⅜	11/8	11	11.04
Neste Oy 5¼ 94	0¼	99	99¼	23/8	10.56	10.66
Oster Land 5¼ 99	§0⅛	97⅞	98⅛	11/10	11.19	11.40
Quebec Hydro 5¼ 94	0¼	99	99¼	19/7	10⅛	10.20
Societe Gen. 5¼ 94	0¼	99	99¼	15/9	10.18	10.27
Spain 5¼ 97	0⅛	98⅛	98⅜	23/8	10.56	10.75
Sumitomo 5¼ 94	§0⅛	98⅝	98⅞	8/8	10⅛	10.28
Sweden Kgdm. 5¼ 2024	0⅛	†97⅝	98⅛	22/9	11.19	11.42
Takugin 5¼ 94	§0⅛	98⅞	99⅛	15/9	10¼	10.86

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
BBC Bwn. Boveri 4¼ 95	2/84	108	199½	100½	0	−4.41
Daiwa Sec. Co. 5½ 98	10/83	481.8	132½	134	+0⅛	−2.39
Fanuc 3¾ 98	1/84	9142	138⅛	139⅛	−2⅛	29.62
Fujitsu 3 99	5/84	1320	105⅛	106⅛	−1⅛	5.82
Hitachi Cable 5¼ 96	2/82	515	152	153½	−3⅛	−4.12
Honda Motor 5¼ 98	6/83	884	132¼	133⅛	−0⅛	−0.08
Konishiroku Ph. 4 98	10/83	873	102⅝	103⅛	−1⅛	2.13
Kyowa Hakko 6⅛ 97	2/83	702	131	132⅛	−1⅛	6.95
Minebea Co. 5½ 98	5/83	647	113⅜	114⅛	−0½	−3.05
Mitsubishi Elec. 5⅜ 98	6/83	396	114⅜	115⅛	−0⅞	1.16
Mitsubishi Heavy 4¾ 99	1/84	263	102⅞	103⅞	−0⅛	2.40
Murata 3½ 99	2/84	2539	129	130	−1⅞	28.37
Nippon Oil Co. 3¾ 99	3/84	1052	117⅛	118⅛	−2⅛	−1.85
Nippon Oil Co. 5½ 98	4/83	964	128⅛	129⅛	−2⅛	−2.87
Nissan Motor 5¼ 98	4/83	700	110⅛	111⅛	−0⅛	9.50
Olympus Optc. 6⅛ 97	12/82	1157	103⅛	105	−1	17.14
Ono Pharm. Co. 3⅜ 98	3/84	3480	142	144	−11⅛	−10.61
Orient Leasing 5⅜ 98	6/83	2680	143⅞	144⅞	−3⅛	−8.39
Secom 5 98	11/83	2520	199⅛	201⅛	−2⅛	−2.17
Yamaichi Sec. Co. 5 98	8/83	449.5	132⅛	133⅛	−0⅛	−1.70
Yamanouchi Ph. 4 90	10/83	1808	101⅞	102⅛	−2	25.79
Nippon Air. 2½ 94 SwFr	2/84	354	100½	101½	−0⅛	−1.63
Nippon Shin. 2 92 SwFr	3/84	801	100⅛	101⅛	−0⅛	18.50
Settsu Ppr. 2½ 92 SwFr	4/84	677	114½	115⅛	−3⅛	−2.15
Asics 5 92 DM	12/83	520	108⅛	110⅛	−0⅛	19.99
Sum. Realty 6⅛ 92 DM	2/83	365	164	166	+0⅛	−2.88

EUROBOND TURNOVER

(nominal value in \$m)

	Cedel	Euro-clear
U.S. \$ bonds		
Last week	*	*
Previous week	7,706.1	12,031.2
Other bonds		
Last week	*	*
Previous week	2,311.9	1,928.0

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on April 19

INTL. COMPANIES & FINANCE

Volker Stevin boosts profits by 40%

BY WALTER ELLIS IN AMSTERDAM

SALES fell sharply last year at Volker Stevin, the Dutch construction group, but the company still managed a 40 per cent improvement in earnings, to Fl 13.7m ($4.5m).

The company expects little change in the stagnant domestic market but, in spite of its expressed view that "there is as yet no sign of a revival in the international market for contractors," it is hopeful of an increase in the volume of its own international business.

Volker Stevin says that potential risks around the world have lessened (the company has in the past suffered major losses in Nigeria). Even so, it considers the market still to be uncertain and makes no forecast for 1984 results.

Orders at the end of last year totalled Fl 1.4bn, compared with Fl 2.1bn in December 1982.

SBC continues to show improvement

BY JOHN WICKS IN ZURICH

SWISS BANK Corporation, whose net profits rose by 16.1 per cent last year to SwFr 429m ($196m), reports a further improvement in earnings for the first quarter of this year.

The bank does not disclose quarterly profits but says that practically all sectors of activity led to an increase in income over the corerseponding period of 1983. Thanks to a buoyant stock exchange, commissions and other income from securities trading were "substantially higher," while increased business volumes led to better net interest earnings despite a slight narrowing of margins. Profits from foreign-exchange dealings also rose, although there was a slight drop in income from precious metals trading.

North American Quarterly Results

AMERICAN NATURAL RESOURCES
Natural gas; trucking

First quarter	1984 $	1983 $
Revenue	1.1bn	975m
Net profits	67.5m	60.9m
Net per share	2.74	2.52

BANK OF NEW YORK
U.S. bank holding company

First quarter	1984 $	1983 $
Revenue	—	—
Net profits	25.9m	21.5m
Net per share	1.58	1.40

BORDEN
Foods, chemical products

First quarter	1984 $	1983 $
Revenue	1.1bn	937.3m
Net profits	33.9m	22.7m
Net per share	1.22	0.78

BURLINGTON NORTHERN
Rail, forest products, oil and gas

First quarter	1984 $	1983 $
Revenue	2.31bn	1.10bn
Net profits	160.6m	70.5m
Net per share	1.90	0.92

EX-CELL-O

First quarter	1983-84 $	1982-83 $
Revenue	268.2m	235.8m
Net profits	10.8m	10.7m
Net per share	0.76	0.76

INT. MINERALS & CHEMICALS
Fertilisers, animal products

Third quarter	1983-84 $	1982-83 $
Revenue	388.8m	371.6m
Net profits	26.8m	21.2m
Net per share	1.00	0.79
Nine months		
Revenue	1.07bn	1.02bn
Net profits	85.8m	67.3m
Net per share	—	—

GREAT NORTHERN NEKOOSA
Pulp and paper

First quarter	1984 $	1983 $
Revenue	459.1m	371.7m
Net profits	29.7m	15.2m
Net per share	1.14	0.61

HARRIS BANKCORP
Bank holding company

First quarter	1984 $	1983 $
Assets	8.38bn	7.42bn
Net profits	7.7m	9.1m
Net per share	1.17	1.37

KAISER CEMENT
Seventh largest U.S. cement maker

First quarter	1984 $	1983 $
Revenue	53.8m	43.8m
Net loss	5.6m	174,000
Net loss per share	0.77	0.02

REVLON
Cosmetics, health care

First quarter	1984 $	1983 $
Revenue	584m	552.9m
Net profits	24.5m	23.7m
Net per share	0.66	0.48

SCM
Coatings, foods, paper products

Third quarter	1983-84 $	1982-83 $
Revenue	507.9m	402.2m
Net profits	9.7m	2.4m
Net per share	0.98	0.25
Nine months		
Revenue	1.43bn	1.22bn
Net profits	25.8m	20.1m
Net per share	2.63	2.10

SCOTT PAPER
Paper tissues and towels

First quarter	1984 $	1983 $
Revenue	612.8m	557.5m
Net profits	34.2m	19.1m
Net per share	0.70	0.41

SHERWIN-WILLIAMS
Paint producer

First quarter	1984 $	1983 $
Revenue	463.9m	438.7m
Net profits	4.9m	2.2m
Net per share	0.21	0.09

SOUTHWEST AIRLINES
Domestic carrier

First quarter	1984 $	1983 $
Revenue	125.1m	94.8m
Net profits	10.2m	5.1m
Net per share	0.35	0.18

SUNDSTRAND
Mechanical and hydraulic components

First quarter	1984 $	1983 $
Revenue	233.7m	222.8m
Net profits	12.78m	9.47m
Net per share	0.70	0.52

TANDY
Electronic products retailer

Third quarter	1983-84 $	1982-83 $
Revenue	656.1m	589.9m
Net profits	62.5m	57.4m
Net per share	0.60	0.55
Nine months		
Revenue	2.14bn	1.89bn
Net profits	223.4m	204.1m
Net per share	2.15	1.96

TIMKEN
Tapered roller bearings

First quarter	1984 $	1983 $
Revenue	287.8m	214.6m
Net profits	12.9m	*5.1m
Net per share	1.10	*0.45

*Loss

UNION CAMP
Paper, paperboard

First quarter	1984 $	1983 $
Revenue	490.6m	398m
Net profits	42.2m	26.8m
Net per share	1.73	1.10

Record results for Japanese brokers

By Our Tokyo Staff

JAPAN'S four major securities houses have returned record parent company turnover and profits for the six months ended March 1984.

Nomura Securities lifted earnings by 52 per cent and Daiwa Securities is 80 per cent ahead at the net level. Yamaichi Securities and Nikko Securities have both doubled net profits.

The reporting period for the houses takes in a big surge in trading volume, notably in January when the Tokyo stock market saw the Nikkei-Dow share index top 10,000 for the first time.

In the six months daily volume averaged 358m shares, down from 371m shares for the preceding half year. But transactions in value reached a record level, thanks to foreign buying of high-priced blue chips. Yamaichi Securities' brokerage commissions rose to 66.4 per cent of the total for the whole of the previous year.

Bond commissions expanded briskly and investment trust commissions increased, mirroring a steep gain in the net assets of medium-term government bond funds.

Nomura's half-year turnover rose to Y293.96bn ($907m) from Y155.63bn in the same period of the previous year. Recurring profits totalled Y74.69bn, up 34 per cent, and net profits surged by 52 per cent to Y34bn.

Nikko's recurring profits jumped by 109.3 per cent to Y46.49bn, with net profits of Y17.82bn, up 100 per cent.

Daiwa's recurring profits were Y48.82bn, up 61.4 per cent with net profits up 80 per cent at Y20.17bn. Yamaichi's recurring profits surged by 106.8 per cent to Y42.76bn, with net profits of Y16.78bn, up 103.4 per cent.

Singapore bank up

Industrial and Commercial Bank of Singapore reports a group profit, after tax, diminution in assets, transfer to inner reserves, and minority interests, of S$23.7m (US$11.4m) in 1983, up 9 per cent on 1982. Dividend is held at 15 cents a share, AP-DJ reports from Singapore.

Arab investment group may take Hanomag stake

BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN group which has taken over Hanomag, part of the ill-fated IBH construction equipment concern, is pursuing negotiations about possible future involvement of Arab interests.

The Papenburg-Gassmann group of businessmen emerged as the new controllers of Hanomag after a number of potential buyers engaged in months of wrangling over the bankrupt concern.

The businessmen now have begun negotiations with the Arabian General Investment Corporation (Agico) of Dubai, which has been among the companies weighing up Hanomag's prospects.

The West Germans have suggested that Agico might be interested in taking over 50 per cent or more of Hanomag, but they do not expect the outcome of the negotiations to be clear until mid-May at the earliest.

Hanomag closed completely at the end of March, but re-opened a fortnight later with 200 workers on the first shift.

The Papenburg-Gassmann group plans to build up production and the number of workers over the next few months, but the scale of the operation will depend to a large extent on whether Arab or other interests also become involved.

When the IBH group collapsed late last year, its Hanomag subsidiary employed about 2,600 workers and had just laid the foundation stone for a new DM 170m ($64m) factory.

The Papenburg-Gassmann group includes the brothers Horst and Helmut Gassmann, who with their father are involved in the sale of cars and construction equipment. They have been joined by Herr Günter Papenburg, whose interests include construction projects.

Their takeover of Hanomag and the prospect of foreign partners have raised hopes that the company's operations can be built up again in Hanover. Hanomag's origins in Hanover date back nearly 150 years and its near-collapse has been a severe blow to the city.

New Straits Times plans rights

BY WONG SULONG IN KUALA LUMPUR

NEW Straits Times, Malaysia's largest newspaper publishing group, reports continued strong earnings growth, and announces plans for a scrip and rights issue.

For six months ended February 1984, NST, which publishes the nation's largest English-language newspaper and the financial daily, Business Times, recorded an 18.7 per cent increase in pre-tax profit to 24.9m ringgit (US$10.9m). Turnover rose by 11 per cent to 84m ringgit.

Profit after tax and extraordinary items rose by 24 per cent to 13.4m ringgit, or 58 cents per share.

The performance was achieved on good advertising revenues and stable newsprint and production costs.

The rights issue, priced at 4.5 ringgit a share, would raise 51.5m ringgit for expansion. New projects include the establishment of a new printing plant on the east coast of West Malaysia, investing in Faber Merlin, the hotel and property group, and developing new businesses, notably in information services.

NST is paying an unchanged interim dividend of 15 cents.

Meanwhile, its parent holding company, Fleet Holdings, has officially launched its 45m ringgit television project — some eight months ahead of schedule.

This is Malaysia's first private TV station, and will initially transmit programmes within a radius of 50 kilometres around Kuala Lumpur.

Record first quarter at 3M

By William Hall in New York

MINNESOTA Mining and Manufacturing (3M), the U.S. consumer and industrial goods conglomerate, had a record first quarter this year, with net income rising by 11.4 per cent to $175m or $1.50 a share.

Mr Lewis Lehr, the chairman, said the group experienced double-digit unit volume growth in both the U.S. and overseas markets. In value terms sales rose by 10.1 per cent to $1.87bn.

Overseas, where 3M has been hit by the strength of the dollar, there was an "improvement in the tone of economic activity," with unit volume rising 13 per cent.

Fiat Trattori buys French farm machinery maker

BY JAMES BUXTON IN ROME

FIAT TRATTORI, the agricultural equipment subsidiary of Fiat, is to take over the French company, Braud, Europe's leading maker of machines for harvesting grapes. The deal is worth FFr 75m ($9.2m) over three years.

Fiat Trattori's combine harvester subsidiary, Laverda, will purchase 75 per cent of Braud from IDI, the French institute for industrial development, and will buy the remaining 25 per cent in three years' time.

Braud, which is based at Angers, has turnover of about FFr 200m and a workforce of 350. The deal fills a gap in the product range of Fiat Trattori and of its subsidiaries, Laverda and Hesston of the U.S.

● Selenia, the Italian state-owned maker of radar, missiles and other electronic equipment, almost trebled profits in 1983, to L15bn ($9m) from L5.7bn in 1982.

Sales rose by 22 per cent to L478.5bn, of which 74 per cent were exports. Orders worth L535bn were acquired in 1983.

The Rome-based company, which is part of the IRI-STET group, invested L75bn in research and development last year.

DAL charts course for return to profits

By Our Frankfurt Staff

DEUTSCHE Anlagen-Leasing (DAL), the troubled West German leasing concern, aims to return to profitability in 1986 under a drastically re-oriented strategy.

It plans to give up foreign operations, apart from a minor holding in Austria, and will avoid small-scale business not only in real estate but also in other areas of leasing.

DAL plunged into a crisis last year when it became clear that its owners—a consortium of five banks—would have to set aside considerable funds to cover provisions and write-offs.

Three executives departed from DAL, whose affairs now are headed by Professor Hans Wielens. The troubles at DAL also contributed to problems at Westdeutsche Landesbank (WestLB), where two executives—including the head of DAL's supervisory board—left the bank's management team.

As part of its new orientation, DAL is seeking to minimise its risk liability, is streamlining its organisation and is cutting its staff. Personnel and material costs, which rose from DM 36m in 1977 to DM 130 ($49m) in 1982, are to be halved in the next two to three years.

DAL expects to operate at a loss this year and next year before reaping the benefits of its new strategy.

The write-offs and provisions to be met by the group's bank shareholders are estimated for 1983 at between DM 400m and DM 670m. But final details are not expected to be known for some months. This comes on top of provisions on 1982 results of DM 256m, of which DM 224m had to be met by DAL's owners.

WestLB, with a 30 per cent stake, is DAL's biggest single shareholder, alongside Landesbank Rheinland-Pfalz (26.6 per cent), Bayerische Landesbank (16.7 per cent), Hessische Landesbank (16.7 per cent) and Dresdner Bank (10 per cent).

Professor Wielens has indicated that DAL's problems arose from its expansion into high-risk areas, notably foreign business.

WORLD STOCK MARKETS

WALL STREET

Corporate news helps confidence

THE RESUMPTION of trading after the extended Easter weekend brought a more confident tone to Wall Street financial markets, as bond prices staged a minor recovery from the falls which had accompanied a sharp upgrading by the U.S. Commerce Department of its gross national product estimate for the first quarter, *writes Terry Byland in New York.*

The stock market opened with a scattering of small gains, as leaders found some support but were slow to move ahead. Towards midsession the tone turned more mixed.

By 3pm, the Dow Jones industrial average was 5.44 down at 1,152.60.

A fall in the federal funds rate to 9¾ per cent helped the credit markets regain a little ground but did nothing to change the underlying pessimism in this sector. The expectation that the Federal Reserve may be forced to tighten its grip again was reinforced by the Commerce Department's revised estimate last Thursday that GNP rose by 8.3 per cent in the first quarter.

Some credit market analysts believe the figure to be slightly suspect, because it reflects a strong build-up in business inventories. But credit demands from the corporate sector are expected to increase, leading to the predicted clash with the funding of the federal deficit.

The stock market found further support yesterday in the continuing flow of good profits news for the first quarter from major corporations.

The past three weeks have brought good results from the forest products, vehicle, construction and communications industries. This week is the turn of the consumer sector, led yesterday by a sharp rise in earnings at Sears Roebuck, the world's largest general merchandiser. It eased $⅛ to $32⅝, though.

Stocks with losses began to exceed those with gains but there was no serious weight of selling and the professional traders continued to look for a further rally despite the uncertainty over interest rates.

Exxon at $40⅞, Burroughs at $50⅞ and General Electric at $54⅜ were among those to retain minor gains. AT&T slipped a further $⅛ to $15¼ after adverse comment.

ITT, the telecommunications giant, fell $1⅞ to $35½ in response to disappointing results, announced just before the Easter break.

On the banking pitch, Continental Illinois remained weak, shedding a further $¼ to $14⅞. Among the special situations, Carter Hawley Hale added $⅝ to $26⅝.

Public Service of New Hampshire, which has a 35.6 per cent stake in the Seabrook nuclear project and has already suspended work on the plant, fell $1⅛ to $4 after announcing that it was suspending payments on the construction of Seabrook until the financial problems are solved.

Digital Equipment put on $1¼ to $90⅞ in response to its results, while Texas Instruments $1⅛ higher at $139½, was also wanted. Tandy lost $1⅛ to $33⅞. Lack of news of a bid left Walt Disney $¾ off at $60¼.

Treasury bonds were helped by a steadier tone in the bond futures market which led the way downward at the end of last week. The May futures contract jumped ¹⁰⁄₃₂. In the cash market, the key 30-year bond edged higher by ⁵⁄₃₂ to 94⁴⁄₃₂ but retail support remained extremely thin. There seemed no inclination for prices to rally significantly.

Treasury bill rates also eased back a shade without any great change in sentiment. The three-month bill was discounted at 9.61 per cent, eight basis points lower, with the six-month at 9.72 per cent, three basis points off.

Stock markets remained closed yesterday throughout Europe, as well as in Australia, Hong Kong and South Africa. An industrial dispute at the FT London has prevented publication of up-to-date London stock and unit trust information. The closing report on Wall Street and updated U.S. market monitors were not available because of industrial action at the Financial Times' printers in Frankfurt.

TOKYO

Buyers are reluctant to reappear

ACTIVITY was extremely slow in Tokyo stocks yesterday, with investors remaining discouraged by this year's largest slide suffered last Thursday, *writes Shigeo Nishiwaki of Jiji Press.*

Only NEC and some pharmaceuticals were sought.

The Nikkei-Dow market average opened slightly higher on light buying, but lost ground gradually to close at 10,800.78, off 5.71 from Saturday, on volume of 202.97m shares, the year's third smallest. Declines outpaced advances 351 to 316, with 173 issues unchanged.

Investors remained uneasy, as the index had rallied only slightly on Friday and Saturday after plummeting 149 points last Thursday due to foreign selling and a swelling margin debt. They were also pondering the course of overseas equity markets following the Easter holiday.

NEC rose Y60 in early trading after a report that it had developed an optical semiconductor, but slackened later, ending Y30 higher at Y1,390.

Toray climbed Y23 in early trading following a report that the company and Kaken Pharmaceutical had successfully synthesised a drug effective against cerebral thrombosis and cardiac infarction.

But Toray ended just Y16 higher at Y463, while Kaken soared an initial Y130 but dulled later, finishing at Y1,830, up Y90. Dainippon Pharmaceutical put on Y180 to Y4,120.

Speculative non-ferrous metals became popular, with Sumitomo Metal Mining advancing Y40 to Y1,740 and Nippon Mining Y22 to Y480.

Regional banks shot up, and securities companies were firm. Among gainers were the Bank of Yokohama, which scored a maximum allowable daily gain of Y90 to Y478; Daiwa Securities, up Y18 to Y613; and Yamaichi Securities, Y20 ahead at Y585.

Buying was prompted by a perception that these issues had remained low relative to city banks which had climbed late in March. The securities houses released results later yesterday.

Bond prices moved little, dampened by the respite on overseas markets late last week, although city banks issued small-lot selling and buying orders.

The yield on the barometer 7.5 per cent 10-year government bonds due January 1993 closed unchanged from last week's finish at 7.11 per cent.

SINGAPORE

AN ABSENCE of any forceful buying interest left Singapore losses with a two-to-one lead over advances, but gains among a few component stocks allowed the Straits Times industrial index a 2.82 firmer finish at 995.23.

Supreme Corporation, heading the actives on 819,000 of the total 5.6m shares transacted, added 7 cents to S$2.08.

Banks weakened: disappointment over Industrial and Commercial Bank's results took it 50 cents down at S$7.

CANADA

INITIAL firmness among Toronto stocks began to be eroded in thin trading, as strength centred on golds and transport issues.

A flat Montreal showed slightly better demand for utilities and industrials than for the banking and paper sectors.

COMPANY NOTICES

Republic of Portugal

5¾% Dollar Bonds 1979/84

Notice is hereby given that in accordance with the terms of the General Bond the final redemption due 1st June 1984 will be effected by the drawing at par of all outstanding Bonds. Interest on the Bonds will cease to accrue from the 1st June 1984.

B.A.I.I. FINANCE COMPANY N.V.

US$70,000,000

Floating Rate Notes 1982/1989

The rate of interest applicable to the interest period from April 24 1984 up to October 24 1984 as determined by the reference agent is 11⅞ per cent per annum. Namely US$290.70 per note of US$5,000.

BRITANNIA GROUP OF UNIT TRUSTS LIMITED

BRITANNIA EXTRA INCOME TRUST

MEETING OF UNITHOLDERS HELD ON 13th APRIL 1984

At the above meeting of unitholders held to consider modernisation amendments to the Trust Deed of the Trust, the voting was as follows:—

Resolution No. 1
FOR 98.1% of votes cast
AGAINST 1.9% of votes cast
Resolution No. 2
FOR 93.7%
AGAINST 6.3%

Both Resolutions were therefore passed by the required majority of 75% of votes cast.

The Trust Deed amendments were effective from 20th April 1984.

SWISS BANK CORPORATION (OVERSEAS) S.A., PANAMA
SWISS BANK CORPORATION (OVERSEAS) LTD., NASSAU

NOTICE TO HOLDERS OF THE 6¼% U.S.$ CONVERTIBLE BONDS 1980-90 AND TO HOLDERS OF THE WARRANTS OF THE 6¼% U.S.$ BONDS 1983-93

We refer to the capital increase of Swiss Bank Corporation and the corresponding notice to our bondholders of March 7, 1984.

6¼% U.S.$ Convertible Bonds 1980-90

According to the Terms and Conditions of the Bonds the conversion price of U.S.$182.- per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each has been reduced to U.S.$179.-. Upon conversion the difference of U.S.$105.- or U.S.$1.050.- respectively between the principal amount of such Bond and the reduced conversion price multiplied by 5 or 50 respectively will be paid to the converting bondholder.

Warrants of the 6¼% US.$ Bonds
Warrants of the 6¼% US.$ Bonds 1983-93

According to the Description of the Warrants the purchase price of Sfr. 285.- per bearer participation certificate of Swiss Bank Corporation in the nominal amount of Swiss francs 100 each has been reduced to Sfr. 280.-.

The adjusted conversion and purchase price are effective as of April 19, 1984.

SWISS BANK CORPORATION (OVERSEAS) S.A.
SWISS BANK CORPORATION (OVERSEAS) LTD

April 24, 1984

ELECTRICITY SUPPLY COMMISSION — ESCOM

8¼% 1971/1986 UA 20,000,000

On April 6, 1984, Bonds for the amount of UA 1,330,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon No. 14 and following attached on and after June 11, 1984.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the ranges beginning:
at 001 up to 1701 incl. and
at 19662 up to 20000 incl.

Amount outstanding: UA 2,710,000.

Outstanding drawn Bonds:
7091 7152 and 7153 7160 and 7161 7187 and 7188 7247 to 7253 incl. 7297 to 7310 incl. 7327 7339 to 7342 incl. 7389 to 7394 incl. 7590 to 7594 incl. 7627 7638 to 7640 incl. 7677 and 7678 7746 to 7755 incl. 7817 and 7818 7882 to 7887 incl. 7889 and 7890 7907 7915 7924 to 7928 incl. 10337 10468 and 10469 12624 to 12628 incl. 16015 16066 16971 and 16972 17074 17200 17808 to 17810 incl. 18206 and 18207 18227 18280 to 18283 incl. 18730 18741 and 18742 19100 and 19101 19597.

The Trustee
FINIMTRUST S.A.

Luxembourg,
April 20, 1984.

CONTRACTS & TENDERS

ANNOUNCEMENT

Sale of skins of Sacrificial Sheep "ALHADI" and "AL-ADAHI" at the Al Moaisim model abattoir in Mena for the benefit of poor Muslims.

The Sacrificial Meat Utilization Committee announces the sale of approximately 200,000 sheepskins skinned by expert butchers at the Moaisim model abattoir set aside at the disposal of the Sacrificial Meat Utilization Committee (for the year 1404H Haj season).

Bids should be addressed in closed envelopes to:

The Director of the Office for the Mena Development Project
P.O. Box 6172, Jeddah
Kingdom of Saudi Arabia

Bids should be submitted not later than the end of working hours on Wednesday, 16th May, 1984, specifying the quantity the bidder can undertake to purchase at the price listed in the bid.

The purchaser shall be responsible for the immediate removal of the skins from the abattoir at his own expense.

A bank guarantee representing 1 per cent of the value of the bid shall be attached.

COMMITTEE SUPERVISING THE SACRIFICIAL MEAT UTILIZATION PROJECT.

NOTICE OF PREPAYMENT

EUROFIMA

12⅝% 1980/1985
U.S.$20.000.000

In accordance with paragraph "Prepayment" of the terms and conditions of the above-mentioned Notes, Noteholders are hereby informed that Eurofima will prepay on May 30, 1984 the total amount outstanding of the captioned issue (i.e. U.S.$20.000.000).

The Notes will be reimbursed at 101% on and after May 30, 1984, together with accrued interest amounting to U.S.$197.66 per denomination of U.S.$25,000 representing 23 days of interest for the period from May 7, 1984 to May 30, 1984.

On and after May 30, 1984 interest on all said Notes will cease to accrue.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
April 20, 1984.

NOTICE OF PREPAYMENT

EUROFIMA

13½% 1980/1987
U.S.$20.000.000

In accordance with paragraph "Prepayment" of the terms and conditions of the above-mentioned Bonds, Bondholders are hereby informed that Eurofima will prepay on May 30, 1984 the total amount outstanding of the captioned issue (i.e. U.S.$20.000.000).

The Notes will be reimbursed at 100½% on and after May 30, 1984, together with accrued interest amounting to U.S.$1.125 per denomination of U.S.$100.000 and to U.S.$112.50 per denomination of U.S.$10.000 representing 30 days of interest for the period from April 30, 1984 to May 30, 1984.

On and after May 30, 1984 interest on said Bonds will cease to accrue.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
April 20, 1984.

BRAZILIAN EQUITY HOLDINGS S.A.

BEARER SHARE CERTIFICATES

In accordance with the Resolutions passed at the Extraordinary General Meeting held on 6th February 1984, and the subsequent exchange of Bearer Share Certificates for temporary receipts, the new Bearer Certificates of U.S.$1 par value are now available.

Applications for the new Bearer Share Certificates should be made to Banque Generale du Luxembourg, 27 Avenue Monterey, Luxembourg by either forwarding the temporary receipt or the original Bearer Certificates if they have not yet been submitted.

THE BOARD OF DIRECTORS

O.K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO 6% SECOND CUMULATIVE PREFERENCE SHAREHOLDERS — DIVIDEND NUMBER 91

NOTICE IS HEREBY GIVEN that the half-yearly dividend of 3% has this day been declared payable on the 30 May 1984, in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on 4 May 1984.

The usual non-resident shareholders' tax of 15 per cent will be deducted where applicable.

The Register of Members will be closed in Johannesburg and London from 5 to 12 May 1984, both dates inclusive, for the purpose of the above dividend.

By Order of the Board
J. S. PARNALL
Secretary

Registered Office:
O.K. Buildings
80 Eloff Street
Johannesburg 2001
Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL
17 April 1984.

LEGAL NOTICES

J. OSAWA & CO. (UK) LTD.
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before 5 July 1984 to send their names and addresses with particulars of their debts or claims and the name of their Solicitor (if any) to Mr. M. R. Dorrington, of 4 Charterhouse Square, London EC1M 6EN, Liquidator of the said Company and if so required in writing from the said Liquidator, are, by themselves, or their Solicitors, to come in and prove their said debts or claims at such time and place as shall be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of April 1984.
M. R. DORRINGTON,
Liquidator.

PERSONAL

BEQUEST. Ann Demeter, 790 Mohawk Rd. W., Hamilton, Ontario, Canada, LDC 606, seeks written contact by Mary Teresa Ross born Wembley, England, circa 1942, daughter of Harry A. Ross, Dundas, Ont., Canada.

EDUCATIONAL

LEARN GERMAN in Germany. Intensive Crash Courses for adults throughout the year. Tel: Cologne 233671 or write for details: euro-schule, Guerzenichstr. 21, 500 Koln 1.

Prices at 2pm, April 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅝	11½	AAR	.44	2.2	21	80	19¾	19⅝	19¾	+ ⅛
52⅜	31½	ACF	1.40	2.7	65	689	52⅜	52¼	52⅜	+ ¼
18⅝	13⅛	AMF	.50	3.6		73	13⅞	13½	13¾	
41¾	26	AMR Cp			7	913	33¾	33¼	33½	+ ⅛
20⅜	17½	AMR	pf2.18	12.		17	19	18⅝	18⅞	− ⅛
41½	29⅝	AMR	pf2.13	6.0		112	35¾	35⅜	35⅝	− ¼
35¼	23⅛	ANR	pf2.67	12.		1	23	d23	23	− ⅛
16¼	6⅛	APL			3	8	10⅛	10¼	10⅛	
55¼	40¼	ARA	2.10	5.1	9	29	41	40¾	41	+ ¼
77½	50¼	ASA	3a	4.5		200	66⅞	66¼	66⅝	
33¼	17	AVX	s .32	1.6	15	40	20¼	19¾	19⅞	− ⅜
53⅜	38¾	AbtLab	1.20	2.8	15	735	43¾	43	43¼	− ¼
30¼	23¼	AccoWd	.60	2.3	17	6	26⅛	26	26	
27½	19⅝	AcmeC	.40	1.9		12	21	20¾	21	+ ⅜
13	8⅝	AcmeE	.32b	3.2	62	30	9⅝	9⅝	9⅝	
24⅞	12⅞	AdmDg	.04	.3	8	37	15	14¼	14⅜	− ⅛
18¼	15⅛	AdaEx	2.11e	14.		47	15⅜	15½	15½	− ⅛
19¾	11	AdmMl	.28	1.8	7	63	15½	14¾	15⅜	+ ⅜
22	14½	AdvSys	.81t	4.9	16	21	16⅜	16½	16½	− ¼
18⅝	8⅞	Advest	.12	1.2	9	32	10¼	9¾	9⅞	− ½
37½	17⅝	AMD	s		27	3379	33	32½	32¾	+ ½
24⅝	12½	Aeroflx	s		12	31	12¾	12½	12½	− ⅛
42½	33¼	AetnLf	2.64	7.3	11	883	36⅝	36¼	36¼	− ⅜
40½	20	Ahmns	1.20	5.5	5	1485	21⅞	21½	21⅝	− ⅛

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 25

حكايات من الأرض

هكذا من الأصل

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 2pm, April 23

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 24

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	39	Xerox	3	7.5	9	1227	40⅛	39⅝	39¾	−⅜
53⅝	47⅛	Xerox	pf5.45	12		40	47½	d47	47½	−½
37	21⅜	XTRA		2.7	12	13	24¼	24	24	+¼
34	24	ZaleCp	1.25	5.0	10	10	25	25	25	+¼
24	15½	Zapata	.84	3.7	12	307	23⅜	22⅞	23	−⅛
52¼	31⅝	Zayre	s.40b	1.2	10	429	34⅛	33¾	33¾	−⅛
38½	18⅞	ZenithR			13	801	30⅝	30⅛	30⅛	−⅛
27⅞	19¼	Zero	s.36	1.8	18	33	20½	20¼	20½	+½
37⅛	21⅛	Zurnin	1.32	5.5	11	29	24⅛	24	24	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E-price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

April 19	Price Sch%	+ or —
Creditanstalt	212	...
Goesser	325	...
Interunfall	409	...
Laenderbank	205	—1
Perlmooser	354	+3
Steyr-Dimler a	149	...
Veitscher Mag	216	—3

BELGIUM/LUXEMBOURG

April 19	Price Frs.	+ or —
ARBED	1,775	+30
Banq Int A Lux	5,200	...
Bekaert B	3,900	...
Ciment CBR	2,350	+30
Cockerill	305	+14
Delhaize	4,900	—10
EBES	2,790	—10
Electrobel	6,740	+50
Fabrique Nat	2,270	...
GB Inno BM	3,330	+30
GBL (Brux)	2,350	—25
Gevaert	3,300	...
Hoboken	5,440	+40
Intercom	2,060	+5
Kredietbank	7,100	...
Pan Hldgs	9,820	—100
Petrofina	7,940	+10
Royale Belge	8,950	+150
Soc. Gen. Banq	3,500	+20
Soc. Gen. Belge	1,860	+5
Sofina	5,960	—10
Solvay	4,100	...
Tractionel	3,605	...
UCB	5,390	+90
Vieille Mont	4,270	+110

DENMARK

Apr. 18	Price Knr %	+ or —
Aarhus Olie	380	—2
Andelsbanken	249	+5
Baltic Skand	605	—10
CopHandelsbank	254	...
D. Sukkerfab	645	...
Danske Bank	245	—1
East Asiatic	176	+2
Forenede Brygg.	965	...
Forenede Damp.	160	—5
GNT Hldg	510	+5
I.S.S.B.	620	...
Jyske Bank	489	+9
Novo Ind	2,455	...
Privatbanken	276	+7
Provinsbanken	335	+4
Smidth (F)	223	+3
Sophus Berend	1,145	...
Superfos	520	—4

FRANCE

April 19	Price Frs.	+ or —
Emprunt 4½% 1975	1,845	+22
Emprunt 7% 1973	9,610	—11
CNE 3%	3,489	+29
Air Liquide	564	...
BIC	436	+2
Bouygues	713	+6
BSN Gervais	2,600	+15
CIT-Alcatel	1,296	+4
Carrefour	1,800	—15
Club Mediter'n	803	—20
CFAO	665	+9
Cie Bancaire	469	—10
Cofimeg	231.5	+10.5
Creusot Loire	39	+1.8
Darty	937	+8
Dumez S.A.	724	—1
Eaux (Cie Gen)	555	—3
Elf-Aquitaine	255	+8.5
Gen. Occidentale	595	+18
Imetal	85.8	+2.8
Lafarge Coppee	390.8	+2.8
L'Oreal	2,378	+2
Legrand	1,860	—5
Maisons Phenix	250	—11
Matra S.A	1,465	+9
Michelin B	822	—19
Midi (Cie)	1,480	+31
Moet-Hennessy	1,510	...
Moulinex	105.5	—1.5
Nord Est	49.9	+2.5
Pernod Ricard	755	+16
Perrier	559	+11
Petroles Fra	252	+5
Peugeot S.A	232	+2.4
Poclain	46.2	—1.8
Printemps Au	153	+3
Radiotech	300	+10.5
Redoute	1,200	...
Roussel-Uclaf	1,043	+27
Schneider S.A.	104	—3
Sefimeg	263	+1
Skis Rossignol	1,370	+7
Telemech Elect	1,670	+20
Thompson (CSF)	306.5	—1.5
Valeo	275.5	+1

GERMANY

Apr. 19	Price Dm.	+ or —
AEG-Telef	94.9	—0.2
Allianz Vers	763	+1
BASF	162.7	+0.7
Bayer	170	+0.5
Bayer-Hypo	293.5	—0.5
Bayer-Verein	347.5	+1
BHF-Bank	284	+0.5
BMW	394	—2
Brown Boveri	221	—2
Commerzbank	180	—0.5
Cont'l. Gummi	130.4	+0.2
Daimler-Benz	556.8	—1.6
Degussa	403xd	—1.7
Demag	146	...
D'sche Babcock	162.5	+0.6
Deutsche Bank	388.5	+2
Dresdner Bankk.	177	+0.2
GHH	149	—0.5
Hochtief	516	+1
Hoechst	178.8	+0.8
Hoesch Werke	114.5	—0.5
Holzmann (P)	423	—14
Horten	195	—1
Kali und Salz	195	...
Karstadt	264.8	—0.2
Kaufhof	249	—3
KHD	247	—1
Kloeckner	62.9	—0.1
Krupp	79	—1.5
Linde	378	—2
Lufthansa	157	—2.5
MAN	148	—5
Mannesmann	142.7	—0.3
Mercedes Hld	490	—4.5
Metallgesell	245	+5
Muench Rueck	1,075	...
Preussag	277	—1
Rhein West Elect	164	+0.4
Rosenthal	229	—1
Schering	352.5	—0.5
Siemens	397	—0.2
Thyssen	84.2	—0.7
Varta	168.5	+0.5
Veba	170	—0.6
V.E.W	121	—0.1
Verein-West	199	—1
Volkswagen	200	—3.5

ITALY

Apr. 20	Price Lire	+ or —
Banca Com'le	34,010	—340
Bastogi-IRBS	151	+2
Centrale	1,848	+3
Credito Varesino	5,400	+1
Fiat	4,244	+14
Finsider	37	—0.2
Generali Assicur	37,200	—40
Invest	3,382	...
Italcementi	48,720	+470
Montedison	217.6	—1.4
Olivetti	4,605	+425
Pirelli Co	2,985	+25
Pirelli Spa	1,525	+20
Snia BPD	1,631	—2
Toro Assic.	12,100	+10
do. Pref.	8,399	+69

NETHERLANDS

April 19	Price Fls	+ or —
ACF Holding	183	+2.5
AEGON	130.5	...
Ahold	191.5	—2.5
AKZO	96.9	—0.8
ABN	380	—0.5
AMEV	155	—1
AMRO	70.5	+0.3
Bredero Cert	201	...
Bos Kalis Westm.	30.5	—1.9
Buehrmann-Tet.	67.1	—0.6
Calland Hldgs.	36.8	+0.3
Credit Lyon'is Bk	57.3	...
Elsevier-NDU	515	...
Gist. Brocades	132.5	—1.8
Heineken	128	—3
Hoogovens	47.7	—0.5
Hunter Douglas	27.1	—0.3
Int Mueller	33.6	—0.4
KLM	174	—0.8
Naarden	39	+0.4
Nat Ned Cert	217	+3
Ned. Credit Bank	40	...
Ned Mid Bank	151	—1.6
Nedlloyd	119.5	—1
Oce Grinten	237	—3.5
Ommeren (Van.)	29.5	—0.5
Pakhoed	61.1	—0.9
Philips	48.2	—0.3
Rijn-Schelde	3.4	...
Robeco	322.5	—2
Rodamco	134.5	+0.1
Rolinco	315.5	—0.5
Rorento	203.2	—0.7
Royal Dutch	155.1	—1.6
Unilever	254.2	—1.8
VMF Stork	111	—1.5
VNU	151.5	+0.5
West UtBank	92.9	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

April 18	Price Kroner	+ or —
Bergen Bank	161	+1
Borregaard	326	—1.5
Christiania Bk.	165	—1
Den Norsk Credit	171.0	...
Elkem	173.5	+1.5
Norsk Data	316	—2.5
Norsk Hydro	617.5	...
Storebrand	231	+2

SPAIN

April 18	Price Pts%	+ or —
Bco Bilbao	293	+4
Bco Central	319	—2
Bco Exterior	201	...
Bco Hispano	224	—1
Bco Santander	290	...
Bco Vizcaya	369	—6
Dragados	145	+1
Hidrola	47.5	—0.7
Iberduero	54.5	+0.3
Petroleos	112.5	+0.2
Telefonica	81.2	+0.5

SWEDEN

April 19	Price Kronor	+ or —
AGA	371	—4
Alfa-Laval	263	—3
ASEA (Free)	350	+3
Astra (Free)	612	+12
Atlas Copco	130	—1
Boliden	450	+7
Cardo (Free)	425	...
Cellulosa	162	—2
Electrolux B	270	—2
Ericsson	332	—2
Esselte	351	—3
Mo Och Domsjo	540	+10
Pharmacia	280	—1
Saab-Scania	400	...
Sandvik	400	—1
Skandia	392	—1
Skan Enski'da	347	—3
SKF	220	+2
St. Kopparbergs	770	—18
Sven Handelsbn.	200	+1
Swedish Match	258	...
Volvo B (Free)	467	...

SWITZERLAND

April 19	Price Frs.	+ or —
Alusuisse	838	—12
Bank Leu	3,840	—10
Brown Boveri	1,600	...
Ciba Geigy	2,250	—20
do. (Part Certs)	1,740	—5
Credit Suisse	2,240	...
Elektrowatt	2,680	—10
Fischer (Geo.)	675	—40
Genevoise	3,675	...
Hoff-Roche PtCts	100,000	—25
Hoff-Roche 1/10	10,025	...
Jacobs Suchard	6,700	...
Jelmoli	1,870	...
Landis & Gyr	1,440	—5
Nestle	5,160	+30
Oer-Buehrle	1,260	+5
Pirelli	250	...
Sandoz (Br)	6,800	+25
Sandoz (PtCts)	1,020	—5
Schindler (PtCts)	575	—15
Swissair	1,080	—5
Swiss Bank	337	...
Swiss Reinsce	8,000	—25
Swiss Volksbk	1,435	+5
Union Bank	3,470	+10
Winterthur	3,040	...
Zurich Ins	17,900	...

AUSTRALIA

Apr. 19	Price Aust $	+ or —
ANZ Group	5.66	—0.04
Acrow Aust.	1.6	...
Alliance Oil D.	0.75	...
Ampol Pet	1.75	...
Aust Cons Ind	1.88	—0.01
Aust. Guarant	2.75	+0.02
Aust. Nat. Inds	2.65	...
Aust. Paper	2.02	...
Bell Group	6.3	—0.1
Bond Corp Hldgs	1.31	—0.02
Boral	3.65	+0.06
B'ville Copper	2.65	—0.03
Brambles Inds	2.85	...
Bridge Oil	2.90	...
BHP	11.55xa	+0.85
CRA	6.1	...
CSR	3.75	+0.03
Carlton Utd	4.2	...
Castlemaine Tys.	4.68	+0.08
Coles (G.J.)	3.76	+0.05
Comalco "A"	3.12	+0.02
Consolidated Pet	0.92	+0.02
Costain Aust.	1.2	...
Dunlop Aust.	1.67	...
E.Z. Inds.	5.47	—0.03
Elders IXL	4.05	...
Energy Res	1.47	—0.01

AUSTRALIA (continued)

Apr. 19	Price Aust. $	+ or —
Gen Prop Trust	2.08	...
Hardie (J.)	3.4	...
Hartogen Energy	3.15	...
HeraldW'y Times	3.32	+0.02
ICI Aust.	2.2	+0.05
Jimb'lana(50cFP)	0.3	...
Kia Ora Gold	0.16	—0.01
Lend Lease	4.86	—0.06
MIM	3.6	+0.03
Mayne Nickless	2.56	...
Meekatharra	0.75	...
Myer Emp.	1.9	...
Nat. Com. Bk.	3.55	—0.02
News	10.4	...
Nicholas Kiwi	2.8	...
North Bkn Hill	2.75	—0.05
Oakbridge	1.00	+0.02
Otter Expl	0.6	+0.05
Pancont'l	1.35	+0.02
Pioneer Conc	1.6	—0.01
Reckitt & Coln	2.63	...
Repco	1.15	—0.03
Santos	6.9	—0.12
Smith (H.)	3.8	...
Southland Min'g.	0.40	...
Spargos Expl.	0.4	...
Thos. Natwide	1.9	+0.01
Tooth	5.2	...
Vamgas	3.5	—0.05
Western Mining	4.28	—0.02
Westpac	3.85	—0.01
Woodside Petrol.	1.19	+0.02
Woolworths	2.38	—0.02
Wormald Intl.	3.26	...

HONG KONG

Apr. 19	Price H.K.$	+ or —
Bank East Asia	24.6	...
Cheung Kong	9.95	+0.15
China Light	13	+0.1
Hang Lung Devel	2.97	...
Hang Seng Bank	41.25	+1.25
HK Electric	6.4	+0.15
HK Kowloon Wh.	4.3	+0.05
HK Land	3.72	+0.05
HK Shanghai Bk.	7.4xa	+0.05
HK Telephone	45.75	+0.25
Hutchison Wpa	17.7	+0.4
Jardine Math.	11.8	+0.2
New World Dev	3.72	+0.1
Orient O'seas	2.67	+0.02
O'seas Trust Bk.	3.5	—0.02
SHK Props.	7.7	+0.2
Swire Pac A	19.2	+0.5
Wheel'k Mard A	3.77	+0.05
Wheel'k M'time	2.05	...
World Int. Hldgs.	2.42	+0.05

JAPAN

April 23	Price Yen	+ or —
Ajinomoto	1,090	...
Alps Electric	2,490	+10
Amada	1,290	+30
Asahi Chem	524	+8
Asahi Glass	760	—4
Bridgestone	610	+5
Canon	1,320	+10
Casio Comp.	1,300	...
Chugai Pharm	1,020	...
Citizen	576	+5
Daiei	720	...
Dai Nippon Ptg	1,080	...
Daiwa House	470	+1
Ebara	357	—2
Eisai	1,100	...
Fanuc	9,160	—30
Fuji Bank	1,030	...
Fuji Film	1,740	—20
Fujisawa	812	—3
Fujitsu	1,290	+10
Green Cross	1,860	—10
Hasegawa	378	...
Heiwa Real Est.	618	+8
Hitachi	945	—4
Hitachi Credit	1,590	—50
Honda	1,120	+10
House Food	772	—3
Hoya	2,060	—90
Itoh (C)	311	+1
Ito Yokado	2,230	—40
Iwatsu	1,870	—10
JACCS	587	+3
JAL	2,850	...
Jusco	840	+2
Kajima	298	—2
Kao Soap	815	—18
Kashiyama	632	—6
Kirin	620	+5
Kokuyo	1,080	...
Komatsu	477	+1
Konishiroku	648	+2
Kubota	311	+1
Kumagai	475	+10
Kyoto Ceramic	6,000	...
Maeda Const.	501	—4
Makino Milling	1,400	—10
Makita	1,030	—10
Marubeni	343	—2
Marudai	623	+1
Marui	1,270	—20
MEI	1,880	...
M'ta Elec Works	770	—5
M'bishi Bank	1,030	...
M'bishi Corp	550	...
M'bishi Elec	430	...
M'bishi Estate	525	...

JAPAN (continued)

April 23	Price Yen	+ or —
MHI	248	...
Mitsui Co	360	...
Mitsui Estate	730	+3
Mitsukoshi	348	...
NGK Insulators	773	—2
Nihon Cement	219	...
Nippon Denso	1,520	—10
Nippon Elect	1,390	+30
Nippon Express	299	...
Nippon Gakki	640	+1
Nippon Kokan	143	—1
Nippon Oil	1,170	—20
Nippon Seiko	615	—15
Nippon Shimpan	655	+5
Nippon Steel	175	...
Nippon Suisan	340	...
NTV	13,590	—310
Nippon Yusen	243	—1
Nissan Motor	666	—9
Nisshin Flour	425	+2
Nisshin Steel	209	—1
Nomura	857	+8
Olympus	921	—1
Omron Tateisi	2,270	...
Orient Leasing	3,860	—50
Pioneer	2,490	—10
Renown	681	—3
Ricoh	1,070	...
Sankyo	729	+8
Sanyo Elect	522	+1
Sapporo	428	...
Sekisui Prefab	571	+1
Seven-Eleven	8,670	—10
Sharp	1,190	—10
Shimadzu	582	—5
Shionogi	620	+7
Shiseido	1,150	—20
Sony	5,630	—10
Stanley	795	—5
S'tmo Bank	1,120	...
S'tomo Elect	923	—2
S'tomo Marine	510	+12
S'tomo Metal	169	—1
Taihei Dengyo	500	+9
Taisei Corp	215	...
Taisho Pharm	995	+3
Takeda	725	...
TDK	5,850	+40
Teijin	417	+2
Teikoku Oil	690	...
Tokyo Marine	641	+2
TBS	870	+10
Tokyo Elect Pwr.	1,260	+10
Tokyo Gas	173	—1
Tokyo Sanyo	811	—29
Tokyo Style	796	—2
Tokyu Corp	314	—1
Toppan Print	781	+1
Toray	463	+16
Toshiba Elect	427	—3
TOTO	630	...
Toyo Seikan	800	...
Toyota Motor	1,350	—20
Victor	2,760	—50
Wacoal	802	—10
Yamaha	511	+1
Yamanouchi	1,420	+70
Yamazaki	738	—3
Yasuda Fire	337	—3
Yokogawa Bdge.	420	+9

SINGAPORE

Apr. 23	Price $	+ or —
Boustead Hldgs.	2.58	+0.02
Cold Storage	4.2	...
DBS	10.1	—0.1
Fraser & Neave	6.25	—0.1
Genting	5.3	...
Haw Par. Bros	2.59	...
Inchcape Bhd	2.87	—0.01
Keppel Shipyard	3.08	+0.02
Malay Banking	10.3	...
Malay Brew.	6.8	...
Multi Purpose	1.9	—0.02
OCBC	10.6	—0.1
OUB	4.38	—0.02
Sime Darby	2.48	...
Straits St'mship.	1.58	—0.05
Straits Trdg.	5.85	+0.05
UOB	5.30	—0.05

SOUTH AFRICA

Apr. 19	Price Rand	+ or —
Abercom	2.45	...
AE & CI	8.50	...
Anglo Am Coal	29.5	+0.25
Anglo Am Corp	24.9	+0.15
Anglo Am Gold	153	+1
Barclays Bank	20.5	+0.5
Barlow Rand	14.5	+0.05
Buffels	80.5	...
CNA Gallo	3.0	...
Currie Finance	5.25	...
De Beers	9.65	...
Driefontein	48.50	...
FS Geduld	53	...
Gold Fields S.A.	29.5	+0.25
Highveld Steel	6.1	...
Nedbank	16.50	...
OK Bazaars	18.5	—0.25
Protea Hldgs	3.0	...
Rembrandt	28.75	...
Rennies	15	...
Rust. Plat	15.1	+0.1
Sage Hldgs	8.2	...
SA Brews	7.60	...
Smith (C.G)	26.25	...
Tongaat Huletts	11.8	...
Unisec	5.65	...

CANADA

TORONTO

Prices at 2.30 pm
April 23

Sales	Stock	High	Low	Close	Chng
700	Agnico E	$18½	18	18	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5400	Czar Res	190	185	185	− 5
8111	Daon Dev	170	165	168	
1175	Denison A	$18⅜	18⅛	18⅛	− ⅛
4702	Denison B f	$17½	17¼	17¼	− ¼
15850	Develcon	$11⅛	10⅝	11⅛	+ ½
500	Dickson A f	$6½	6½	6½	
300	Doman A	350	350	350	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	Loblaw Co	$14¼	14¼	14¼	
101	MDS H A	$16½	16½	16½	
24	MICC	415	415	415	
6000	Mclan H X	$17¼	17¼	17¼	
2384	Merland E	$5	490	490	−22
3100	Molson A f	$17¼	17⅛	17⅛	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
700	Torstar B f	$11½	11⅛	11⅛	
1025	Traders A f	$18½	18½	18½	
50	Trns Mt	$7	7	7	− ⅛
200	Trinity Res	$8½	8½	8½	− ⅛
1548	TrnAlta UA	$20⅝	20½	20½	
5109	TrCan PL	$15⅜	15½	15⅝	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD VALUE OF THE DOLLAR
every Friday in the Financial Times

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 25

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U-U-U

V-V-V

W-W-W

X-Y-Z

WORLD ECONOMIC INDICATORS
every Monday in the Financial Times

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honind	.56 2	21½	21½	21½	−½
Hoover	1 96	21¼	20¾	20¾	
HwBNJ	164	15¼	15	15	
HughSp	.28 27	17¾	17¾	17¾	−¼
HungTg	3	6⅛	6	6	
HntgBn	.48b 12	27½	27	27¼	−½
Hurco	13	14½	14	14	−½
Hybritc	245	16¼	16	16¼	
HydeA s	5	6	6	6	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A-A, B-B, C-C, D-D, E-E, F-F, G-G, H-H, I-I, J-J, K-K

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

AMEC	232	+ 7
BL	80	+ 8
BOC	292	+ 6
Babcock Int'l.	163	+ 9
Bank of Ire.	360	+15
Bowater	335	+12
Brit. Print.	196	+ 7
Chapman Inds.	245	+17
Distillers	284	+11
Hawker Sidd.	466	+14
Henriques (A.)	48	+12
ICI	616	+ 8
Laing (J.)	204	+ 7
Midland Bank	378	+ 8
Pearson (S.)	560	+22
RMC	465	+24
Redland	296	+ 8
Smith & Nephew	228	+12
Steetley	267	+ 9
Tarmac	500	+14
Whatlings	79	+ 5
Eglinton Oil	142	+22

FALLS

Exch. 12pc 1998	£106¾	− ⅝
Bank of Scot.	645	−10
Commercial Un.	217	− 5
Fogarty	66	−12
Stylo	195	−13

Continued on Page 27

WORLD STOCK MARKETS

Over The Counter

Continued from Page 26

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					
MonAnt	120	14½	14	14	-¼
Monolt s	849	20¼	20	20	-¼
MonuC 1.20	55	24¾	24⅛	24⅛	-¼
MorFlo .01	28	11¾	11¾	11¾	-⅛
MorKg .08e	2	9¾	9½	9½	+¼
Morran .40b	16	14¾	14¾	14¾	
Moseley	259	4⅞	4⅝	4⅝	-⅛
MotClb .20	3	15¼	15¼	15¼	+¼
Multmd .60	86	35	33¾	34¼	-¾
N—N					
NCA Cp	30	10½	10¼	10½	+½
NMS	136	3	2¾	2¾	-¼
NtCty s 1.30	13	28¼	28	28	-⅛
NtCptr s .20	46	16½	16½	16½	
NData .40	339	17⅞	17⅜	17¾	+¼
NMicr s	239	11⅛	10⅞	10⅞	+⅛
NTech t	53	5	5	5	
NatrBty	88	6⅞	6¾	6⅞	
Naugle	30	9¾	9¾	9¾	
Nelson s	129	12¼	11¾	12¼	
NwkSec	7	5⅞	5⅞	5⅞	
[illegible]					
MatsB .76	17	30¼	29¾	29¾	
Nike B .10a	362	10¼	10	10⅛	
Nordst s .40	64	30¼	29¾	30¼	
Norlin	2	29	29	29	
Norstan	91	8½	8	8	-½
NAtln s	72	8¾	8½	8¾	
NwNG 1.28	18	13½	13½	13½	
NwFin 1.16	5	31¾	31¾	31¾	
NwNLf 1.50	12	38¼	37¼	38¼	
Nowmix	1	5⅛	5⅛	5⅛	
Novell .76	199	35¼	34¾	35	+¼
NucIPh	312	7⅞	7⅞	7⅞	
Numerx	72	8¼	7¾	7¾	-½
NuMed	1820	9¼	8¼	9¼	
O—O					
OCG Tc	31	5⅞	5¼	5½	-¼
OakHil s	35	4	3¾	3¾	
Oceaner	57	7⅞	7⅞	7⅞	
Ocilla	59	15½	14¾	15½	+⅝
OffsLog	35	7½	7¼	7¼	
OhioCa 2.68	697	48⅝	45⅞	47	-1¼
OldRep .90b	92	33¾	33¼	33¾	
[illegible]					
OwenMnr .36	21	13	12¾	12¾	-¼
Oxoc	167	8⅛	8	8	
P—Q					
PNC 2.12	78	39¼	39	39¼	
PabstB s	21	6⅞	6½	6½	-⅛
Pacer s 1.20	32	42½	42	42	-¼
PacTel .72	14	14½	14	14½	+½
PacoPh	30	16¼	15¾	16	
PancM s .10	5	6	6	6	
Pansph	92	12	11¾	11⅞	+¼
ParkOh .60	39	14½	13⅞	14½	+½
Parlo s	26	14	13¾	14	
Pavrld	33	8⅝	8¼	8¼	+⅛
PaulPt	58	12⅛	11⅞	11⅞	
PayN s .60	899	17¾	17¼	17⅝	+⅛
PeariH	221	16½	16¼	16⅜	-⅛
Pentar s .79	378	27¼	26⅝	27¼	+⅜
PeopE s	2666	12⅞	11¼	11¼	-1⅝
PeopRt	402	2¼	2	2⅛	-⅛
Percept	3	10	10	10	-¼
Petrite 1	199	26¾	26¼	26½	+¼
Phrmct	41	12	11	11	-½
[illegible]					
TCA Cb .12	4	11¾	11¾	11¾	
TacVw s	2	8	8	8	
Tmpr .3	29	49⅞	49⅝	49⅝	-¼
Tandem	2220	20	19¾	19⅝	-½
Tandon	675	9⅞	9⅝	9⅞	
TcCom	19	10½	10¼	10¼	-¼
TlcmA s 1	2241	16⅛	15⅞	16	-½
TelPlu s	229	9⅞	9⅝	9⅞	
Telecrd .28	189	17¾	17½	17¾	+¼
[illegible]					
Wyman .20	22	26¼	25½	26¼	+¼
X—Y—Z					
Xebec s	403	11½	11	11¼	
Xicor	128	14¼	13⅞	14	
Xidex s	204	17½	17	17	-½
YlowFt .92	2530	28½	27¼	27½	-⅞
ZenLbB	117	16¾	16¼	16¼	+¼
Zentec	7	6	5½	6	
Ziyad	8	11	11	11	
Zonev s .30	157	14⅛	13⅝	13⅝	+⅛
Zymos	21	4½	4½	4½	
Zytrex	530	6⅞	6½	6¾	+¼

Indices

NEW YORK — DOW JONES

	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 13	1984 High	1984 Low	Since Compiltn. High	Since Compiltn. Low
◆ Industr'ls	1158.08	1158.51	1164.57	1160.28	1150.18	1286.64 (6/1)	1150.55 (5/4)	1287.7 (29/11/83)	41.22 (2/7/32)
H'me Bnds	67.12	67.44	67.40	67.81	68.00	71.75 (6/2)	67.19 (18/4)	—	—
Transport	509.52	499.69	502.88	501.95	497.33	612.63 (8/1)	484.18 (6/4)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	126.86	126.93	126.64	125.00	125.34	134.63 (8/1)	123.78 (25/2)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	75,680	85,040	98 150	73,870	99,620	—	—	—	—

◆ Day's high 1162.79 (1167.71) low 1145.41 (1151.07)

	Apr. 13	Apr. 6	Mar. 30	Year ago (approx)
Industrial div. yield %	4.80	4.88	4.74	4.69

STANDARD AND POORS

	April 19	Apr. 18	Apr. 17	Apr. 16	Apr. 13	1984 High	1984 Low	Since Comil'n High	Since Comil'n Low
Industr'ls	178.98	178.88	180.12	179.80	178.23	190.64 (6/1)	174.10 (22/2)	194.84 (10/10/83)	3.62 (30/6/32)
Comp'site	158.02	157.88	158.37	158.32	157.31	169.28 (6/1)	154.29 (25/2)	172.65 (10/10/83)	4.40 (1/6/32)

	Apr. 19	Apr. 11	Apr. 4	Year ago (approx)
Industrial div. yield %	4.00	4.08	4.63	4.14
Industrial P/E ratio	12.10	11.89	11.20	13.40
Long Gov. Bond yield	12.66	12.47	12.57	10.41

N.Y.S.E. ALL COMMON

Apr. 19	Apr. 18	Apr. 17	Apr. 16	1984 High	1984 Low
90.89	90.83	91.41	91.00	99.63 (10/10)	80.92 (24/1/85)

Rises and Falls

	Apr. 19	Apr. 18	Apr. 17
Issues Traded	1,951	1,976	1,989
Rises	678	607	1,016
Falls	810	930	559
Unchanged	463	439	414
New Highs	—	17	17
New Lows	—	52	59

MONTREAL

	April 19	April 18	April 17	April 16	1984 High	1984 Low
Industrial	418.14	418.86	419.23	417.78	451.40 (6/1)	412.97 (21/2)
Combined	395.88	396.11	386.57	395.25	433.67 (6/1)	393.36 (6/4)
TORONTO Composite	2527.9	2531.0	2555.9	2550.2	2585.7 (6/1)	2315.9 (8/4)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Carter Hawley	3,871,800	26	+1	Gulf Oil	877,800	78¾	+ ⅛
ATT	1,657,200	15⅝	+ ⅛	IBM	977,500	110⅝	− ⅛
Exxon	1,143,300	40⅞	—	Chrysler	789,100	25⅞	+ ⅛
Fin Cp Am	1,123,900	15¼	− ⅛	U.S. Inds.	752,900	23⅝	+ ½
Cont. Illinois	1,009,200	15⅞	⅛	Ford Motor	882,300	35⅞	− ⅛

	April 23	April 20	April 19	April 18	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	(c)	(c)	758.3	759.2	787.9 (9/1)	718.3 (8/3)
Metals & Minls. (1/1/80)	(c)	(c)	540.7	539.5	567.4 (5/1)	495.9 (1/3)
AUSTRIA						
Credit Aiktien (2/1/62)	(c)	(c)	54.96	54.94	58.21 (2/1)	53.30 (3/4)
BELGIUM						
Belgian SE (31/12/63)	(c)	(c)	154.9	154.37	154.90 (19/4)	135.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(c)	(c)	(c)	192.87	226.21 (20/1)	178.35 (23/3)
FRANCE						
CAC General (31/12/82)	(c)	(c)	173.8	171.6	175.1 (25/1)	155.6 (3/1)
Ind Tendance (30/12/83)	(c)	(c)	109.8	108.8	114.7 (25/1)	99.4 (3/1/)
GERMANY						
FAZ-Aktien (31/12/58)	(c)	(c)	359.58	349.61	370.84 (2/2)	341.1 (12/3)
Commerzbank (1/12/53)	(c)	(c)	1022.7	1024.0	1096.5 (2/2)	996.8 (12/3)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	(c)	1115.85	1090.28	1170.55 (19/3)	871.08 (3/1)
ITALY						
Banca Comm Ital. (1972)	(c)	(u)	216.38	216.57	229.57 (1/2)	192.06 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	10800.8	10808.9	10788.0	10932.8	11,050.19 (2/4)	9850.47 (14/2)
Tokyo SE New (4/1/68)	849.51	834.74	842.71	855.60	878.62 (2/4)	735.46 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	(c)	(c)	159.0	160.3	178.9 (1/2)	156.4 (23/2)
ANP-CBS Indust (1970)	(c)	(c)	126.9	128.0	147.2 (1/2)	125.9 (18/4)
NORWAY						
Oslo SE (4/1/83)	(c)	(c)	(c)	281.47	281.47 (18/4)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	996.28	(c)	992.41	990.64	1071.91 (2)	980.12 (28/3)
SOUTH AFRICA						
Gold (1958)	(c)	(c)	1033.7	1029.8	059.3 (5/5)	783.1 (24/1)
Industrial (1958)	(c)	(c)	1058.8	1065.9	1105.3 (26/3)	862.6 (25/1)
SPAIN						
Madrid SE (30/12/83)	(c)	(c)	(c)	116.49	120.40 (6/3)	101.22 (3/1)
SWEDEN						
Jacobson & P. (1/1/58)	(c)	(c)	1527.5	1527.88	1594.5 (3/2)	1,401.04 (4/1)
SWITZERLAND						
SwissBankC pn. (31/12/58)	(c)	(c)	372.5	373.4	388.7 (3/1)	360.0 (12/3)
WORLD						
Capital Intl. (1/1/70)	—	—	187.7	187.7	88.6 (30.3)	178.2 (13/2)

**Saturday April 21: Japan Nikkei-Dow 10,806.5. TSE 845 81.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Hong Kong orders for Haden

HADEN INTERNATIONAL, the building services subsidiary of Haden, has received orders worth £3.34m for projects in Hong Kong. They include two contracts valued at £2.19m for Vocational Training Centres at Kwai Chung and Kowloon Bay, an air conditioning installation for a members' club house at the Royal Hong Kong Jockey Club's Shatin racecourse and air conditioning for an 18-storey library building in Pui Ching Road, Kowloon.

★

The JOHN WILLMOTT GROUP has won a batch of contracts worth around £4m. John Willmott Housing, a subsidiary, has been awarded a contract worth around £2.8m by the London Borough of Waltham Forest. The contract covers the building of 107 dwellings on six sites around Netley Road, Walthamstow. The dwellings include a three-storey block of 36 flats and a warden's house, 37 two-storey houses and 33 two-storey flats, together with associated access roads and associated works.

John Willmott Housing has also been awarded a contract worth in the region of £960,000 to build 32 two-storey houses and seven bungalows at Starmead, Stevenage, Hertfordshire for Stevenage Borough Council. Bush Gould, another subsidiary, has been awarded a contract worth around £330,000 by the South Norfolk District Council for the building of 16 bungalows and old persons accommodation in Mill Road, Hempnall, Norfolk.

★

BISON CONCRETE is to begin work shortly on a contract to supply and erect a car and van park at roof level over a single storey building to be built for British Bakeries at its Oldfield Lane factory in Greenford, Middlesex. The value of the Bison precast concrete structure is £93,628 to which must be added a figure of £103,970 for a steel ramp and approach structure to be erected by Banister Walton, a Bison subsidiary. The main contract, in which Bison Concrete are the sub-contractors nominated by Wimpey Construction UK, is a £3.5m scheme to modernise and increase the bread production.

CONSTRUCTION CONTRACTS

£33m road jobs for Tarmac and Budge

THE £17m construction contract for the 7 km, A6 Chapel-en-le Frith and Whaley Bridge by-pass has been awarded to TARMAC CONSTRUCTION. A 2½-year contract period has been allowed for the construction of this section of trunk road on the west side of the Peak District in north Derbyshire. The scheme comprises a dual two-lane carriageway with one grade-separated interchange, three at-grade roundabouts, grade separation at side roads and a single carriageway spur to Hayfield Road (A624). The route crosses hilly terrain and requires 1½m cu m of excavation plus 1m cu m of fill. The earthworks include many features, one of which is a 17-metre high embankment on soft ground overlying granular material containing artesian water. Rock excavations include a 14-metre deep cutting where the new road will pass under a railway line.

★

A. F. BUDGE (CONTRACTORS) has been awarded the £16.7m contract for the Lincoln relief road by the Departments of the Environment and Transport. The contract is for the construction of 12 km of trunk road from Thorpe-on-the-Hill on the A46 to the A15 north of the city centre. The scheme comprises 6 km of single carriageway and 6 km of dual carriageway and 5 at grade roundabouts. Most of the road is built on embankment across the low-lying ground to the south-east of Lincoln, with one large cutting through the limestone escarpment to the north of the city. The 11 structures include two bridges over existing railway lines, three bridges over existing watercourses and main drains, and one bridge over the Fossdyke Navigation Canal. The scheme is due for completion in 27 months.

★

WILLETT has been awarded four contracts for retail and industrial developments totalling £1.9m. Under a £700,000 contract, Willett is to construct a shopping development on the Queen's Hotel site at Clarence Road, Grays, for Pengap Securities. The building had a two-storey reinforced concrete frame, brick clad with a mansard roof. The contract will take 38 weeks to complete. Also for Pengap Securities, at Minehead in Somerset, is a £230,000 order to undertake the conversion of Bealsons town centre department store into six individual shops.

Willett is to construct 2,800 square metres of factory and office to give additional premises for Clifford Thomas (Holdings) at Shenfield in Essex. The contract, worth £700,000, includes roads, landscaping and car parking.

St Albans is the location for another two-storey industrial building to be built by Willett for Trafalgar House (Industrial) Developments. The contract, worth £340,00, is for a two-storey building with a precast concrete frame. Willett is part of Trollope and Colls Holdings, the UK building division of the Trafalgar House Group.

★

SHERVALE DEVELOPMENTS, part of the Freenor organisation, has been awarded a £1.1m contract from Barratt Southern Properties, to construct a further 35,000 sq ft industrial unit at Enterprise Industrial Estate, Boley Park, Lichfield. Shervale Developments is also constructing all roads and sewers. Completion of these projects is June and December 1984.

★

WILLIAM TOWNSON AND SONS has won contracts worth £2.8m. They include the construction of a single-storey 60 place adult training centre and the construction of the county analyst laboratory in Preston, both for Lancashire County Council; the fitting-out of a large retail sales unit in York and the construction of 30,000 sq ft of industrial units for industrial property deevlopers Lyn Town.

★

The Property Services Agency has awarded a £2.3m contract to the West Yorkshire division of HIGGS AND HILL BUILDING for the construction of a regional processing centre for the Inland Revenue in Manchester. The project is one of 11 regional processing centres to be provided for the Inland Revenue as part of a national programme in advance of the computerisation of PAYE. Work has just started on the contract which also includes the construction of roads, plant room, car park and landscaping work on the 5.3 acre site.

★

TAYLOR WOODROW CONSTRUCTION (SCOTLAND) has been awarded a £2.2m contract by Blue Circle Leasing for work on a new plant at the Dunbar Cement Works, Dunbar, East Lothian. The overall project is to bring the present cement manufacturing process up to date. TWC (Scotland) will remove existing structural foundations and construct foundations, structures and buildings to accommodate the plant, together with associated drainage and road works. Work has started and is scheduled for completion in May 1985.

★

Residential accommodation for 200 nurses of the Royal United Hospital, Combe Park, Bath is to be built by the Bristol office of WIMPEY CONSTRUCTION UK. A £1.56m contract for the accommodation has been placed by the Wessex Regional Health Authority. Work begins this month on four, three-storey blocks of traditional construction using reconstructed stone, a two-storey warden's home, car parking, drainage and external work. Completion is due in July 1985.

INSURANCE

Sharp rise in cost of reinsurance protection

BY JOHN MOORE, CITY CORRESPONDENT

INSURANCE COMPANIES and other risk carriers seeking reinsurance protection, or renewing existing reinsurance contracts in the past few months, faced a big increase in the prices they had to pay for laying off risks.

In Europe, at least, there was a sharp turnround in the reinsurance underwriting cycle. Reinsurance premium rates rose, after a downward slide in the past five years.

But will the changing fortunes of the reinsurers influence trends in the direct insurance market? The signs are not encouraging and the fall in direct insurance premium rates is expected to continue.

In recent years it has been argued by insurance experts that a sharp contraction in reinsurance capacity could encourage primary insurers to increase rates to provide them with the adequate protection no longer available in the reinsurance market.

That may be true, but there is little sign of a major contraction in reinsurance capacity, and professionals wonder whether it is ever likely to happen.

Insurance experts say the latest trends show reinsurers attempting to reduce the amount of proportional reinsurance on their books. Instead of agreeing to share, proportionately, books of business of insurers or other reinsurance groups, the reinsurer of the London market in this class of business. London insures about 40 per cent of the world's shipping fleets. Aviation rates have also hardened, partly due to a big contraction in reinsurance capacity on this class now prefers to underwrite excess of loss reinsurance business—accepting lines of business in excess of predetermined limits.

By developing non-proportional reinsurance business the reinsurer can control unprofitable lines of business, and have greater freedom to make prices more realistic.

However the shakeout in reinsurance capacity may not be sufficient to reverse the overall trends in the underwriting cycle. The shakeout in reinsurance capacity is limited and likely to be more than offset by the arrival of new reinsurance capital on the market.

Worldwide, the number of reinsurance companies has almost quadrupled in the last 25 years. There were 420 companies at the end of 1982. There are also numerous agencies and underwriting "pools."

Some of the new formations are major additions to the aggregate capital base of the reinsurance industry, such as the creation of the Arab Insurance Group, the Kuwait Insurance Company and the Arab Reinsurance Company.

Others, such as the Prudential Reinsurance Company, the Royal Reinsurance Company and the Norwich Winterthur Reinsurance Company, are newly established subsidiaries or associated companies of direct insurance groups. They have committed part of their own capital resources to reinsurance business.

At the same time, the capacity of the Lloyd's insurance market has increased. In the last six years or so, the membership of Lloyd's, which provides the capital to allow the market to function, has jumped from about 14,000 to more than 23,000, at a time when Lloyd's is becoming more of a reinsurance market.

Any real contraction in capacity is taking place on the fringe of the reinsurance market. Industrial companies' in-house captive insurance subsidiaries, largely based offshore in centres such as Bermuda, have recently reduced the amount of business they have been insuring for third parties. Some have totally withdrawn from third party insurance, concentrating on insuring their parent companies' risks. A patchy, and in some cases disastrous underwriting experience has led to a big contraction in the amount of insurance and reinsurance capacity offered by captive companies.

Some small undercapitalised reinsurance groups have been forced to withdraw from the scene and some of the larger state-owned reinsurance groups have curbed their overseas operations following big losses in unfamiliar markets. These events have had little effect on rates.

The change in underwriting philosophy of the major soundly based groups—as they shift away from proportional to non-proportional business — will have little impact on the direct insurance underwriting cycle. The capacity bulge is, after all, being shifted from one type of market arrangement to another, and the change is likely to produce a big increase in excess of loss capacity and further competitive pressures on premium rates.

Moreover, the determination of the U.S. market to retain as much of its premiums as possible within its own insurance community, utilising where possible its own reinsurance capacity, is likely to affect any long-term recovery prospects of the reinsurance industry worldwide.

A reinsurance-led improvement in the direct insurance underwriting cycle still seems way off. For the moment underwriters in London have managed to increase marine insurance rates sharply—largely due to the dominant position of the London market in this class of business. London insures about 40 per cent of the world's shipping fleets. Aviation rates have also hardened, partly due to a big contraction in reinsurance capacity on this class of business. But on general lines of insurance business, particularly the important property and casualty market, rates are still weak.

In the U.S. the ratio of claims plus expenses to premiums ran at about 111 per cent last year, the worst underwriting results for non-life companies since the San Francisco fire and earthquake at the beginning of the century. The underwriting experience is expected to worsen this year.

Whatever happens in the reinsurance market, which accounts for more than 15 per cent of world insurance premiums, will not have any significant effect on trends in direct insurance.

Buildings VAT call backed

By Ian Rodger

THE LITTLE Neddy for the building industry has supported calls on the Chancellor to drop the proposal to extend value-added tax to building alterations and improvements.

The Building Economic Development Committee said, following its meeting this month, that the extension of VAT would increase improvement costs and so force some to cancel projects when housing stock urgely needed repair.

Sir Monty Finniston, the committee's chairman, said: "I don't think achieving a balanced budget is a good and sufficient reason for doing this."

Greggs looks for expansion after getting full SE listing

BY ALISON HOGAN

Greggs, a bakery and retailer group based in the North of England and Scotland, is getting a full listing on the Stock Exchange. Hambros Bank is offering 10.8m shares in Greggs at 135p per share, which gives a market capitalisation of £14.58m.

The business has been built up by the chairman, Mr Ian Gregg, who took over the family shop in Newcastle-upon-Tyne when his father died and now has 260 shops in four different regions with four bakeries supplying almost all the products.

The regions are around Newcastle, Glasgow, Leeds and Manchester. Each division is run autonomously by the management and trades under a different name.

The directors have undertaken considerable research into other geographic areas and expect to start to build up a new cluster of bakery stores, probably within a year. They also see scope for around 20 additional stores in each of the four existing regions.

About 20 per cent of turnover is from bread. The other products include savouries, cakes, pies and take-away food.

Turnover has increased from £19.69m in 1979 to £37.01m in 1983. Pre-tax profits advanced from £598,000 in 1979 to £1.74m in the year to December 1983. In the same period, pre-tax profits as a percentage of turnover has risen from 3 per cent to 4.7 per cent.

The historic p/e is 9.27 actual tax and 15.52 at 50 per cent which is the tax rate anticipated in 1984. Though it is too early in the year for a profits forecast, the directors expect to announce a net dividend of 3.4p, which gives a 3.6 per cent yield at the offer price.

The company is raising £782,000 through the issue of 800,000 new shares, while 1.73m shares are being placed by existing shareholders including Mr Gregg, Investors in Industry and CIN Industrial Investments.

Subscription lists open on Friday. Dealings should commence on Friday, May 4.

● comment

Greggs will start as a minnow among the giants of food retailing listed on the Stock Exchange. It has decided to pay the full whack for the status of a listing in preference to the more typical route these days of the USM for a company of its size. The conservative streak which decided the company to go for a full listing has governed its growth through the years—carefully and steadily. It appears to make profits whether in a small neighbourhood row of shops, or in a huge mall competing with the instore bakeries of the supermarket chains. Careful site selection and an eye to service has helped win and keep customers. The pricing has been carefully pitched at a discount to the "Big Boys" like Sainsbury and Tesco. A good solid company which perhaps lacks a little leavening.

Second half boost for Fortnum & Mason

A TRADING profit of £312,000, against a £65,000 loss, was earned by the **Fortnum & Mason** department store in the year to January 28 1984. And, after interest received, profits at the taxable level moved ahead from £189,000 to £522,000.

The second half of the year provided a substantial boost to both sales and profits, says Mr G. H. Weston, the chairman. Following an interim loss of £136,000 (£264,000) on sales of £4.63m (£3.63m), the second half experienced a 14 per cent rise in sales of £6.72m (£5.91m) and a £205,000 rise in profits to £658,000.

Virtually all departments in the store achieved "real growth" in sales, Mr Weston says, and adds that much of the current gains could be attributed directly to continuing the extension of the product range, improvements in the level of service, and tight management control.

Fortnum, ultimately held by Whittington Investments, has close company status. The dividend is lifted from 23.22p to 28.5p with a final of 25p.

Thomas Marshall back in profit

FOLLOWING A reduced loss at halfway, **Thomas Marshall (Loxley)** made profits in the second six months and finished the year with a taxable surplus of £353,000, against a £471,000 loss.

In view of the problems faced by this fireclay refractories manufacturer the directors say that the profit for the 1983 year has to be regarded as satisfactory.

They point out that the heavy incidence of exceptional costs of reorganisation is now almost over, and are optimistic about further profit recovery in the current year.

A return to the dividend list is being made with a single final payment of 1.2p matching last year's solitary 1.2p interim. Earnings per share emerged at 6.26p, against losses of 12.15p, after a tax credit of £4,000 (charge £193,000) — extraordinary debits amounted to £254,000 (£166,000).

Commenting on the year the directors say that at Marshalls Refractories it was necessary not only to make substantial reductions in the pay-roll, but also to eliminate product lines which in the short-term were not remunerative and to institute an incentive payment system to replace existing piece-work payments which no longer reflected a true measure of productivity.

While the works at Loxley incurred a small loss over the full year, it operated profitably in the second half. The improvement is continuing in 1984 and although the company still had to face the changing demand patterns arising from new steel production methods coupled with the near certainty of eventual further UK steel closures, the directors are confident that the future of the Loxley works is not at risk in the medium term.

Snub for Hanson's U.S. bid

By Our New York Staff

Hanson Trust has received a clear snub from the board of **U.S. Industries**, which has responded to the UK group's takeover overtures by advising shareholders not to tender their shares for the time being.

The board said that it had decided not to express any opinion over Hanson's tender offer. But it gave a clear hint that it favoured a rival leveraged buyout proposal by saying that it "supported management's advanced negotiations" on the alternative bid.

Hanson's $23 a share cash tender offer, which values the company at $469m closes on May 7.

The buyout arrangements, however, have not yet been completed, and Hanson has made some play of the advantages to shareholders of accepting a quick cash settlement now. In this context, the board's suggestion that shareholders should not sell as yet is seen on Wall Street as tacit opposition to the Hanson offer.

Capital programme costs Unilever £491m worldwide

IMPORTANT CAPITAL investments were made by **Unilever**, the Anglo-Dutch foods, detergents and toiletries group in 1983, and capital expenditure amounted to £491m—an increase of £10m over 1982.

Almost half this total—£264m (£258m)—was spent in European Community countries. The projects included reconstruction, modernisation and centralisation of manufacturing facilities for ice cream, frozen desserts, cakes and pastries in the United Kingdom; replacement and expansion of a toilet soap plant in the United States, and the installation of a new hydrogen plant incorporating the latest technology to replace the existing obsolete plant in the UK.

Projects were also carried out in East and West Nigeria, Turkey, the Netherlands, Belgium and South Africa.

Mr Ken Durham, the chairman, says in his annual review that continued fierce competition and conditions of limited growth have led the group to intensify its efforts to improve efficiency and cost reduction.

The number of employees at all levels was reduced, and at the year-end the world-wide workforce had been reduced by some 20,000 to 306,000. He says successful efforts to reduce absenteeism have also helped the process of achieving higher productivity, although the level of absenteeism in some cases is still "regrettably high."

Commenting on activities in America, Mr Durham says: "In the U.S., we are concerned that some states are taxing international companies, including some of ours, not on the normal commercial profits of the business in that state, but on a proportion of the group's worldwide income.

"This system—known as the combined unitary tax method—has given rise to strong protests to the U.S. Federal Administration from the EEC and from national and international representative bodies throughout the world.

"We very much hope that a solution will be found, one acceptable to the international trading community."

FT share Information

The following securities have been added to the FT Share Information Service.

Circaprint Hldgs (Section: Electricals)
Norbain Electronics (Electricals)
Reed Stenhouse Companies (Class "A") (Insurance)
Sangers Photographics (Leisure)

Fitzwilton

Profits of **Fitzwilton**, the Irish investment company, have fallen from I£348,000 to I£295,000 in the six months ended December 31 1983, but this is considered "relatively satisfactory" by the directors against the background of their decision to concentrate primarily on long term capital appreciation.

The net profit, however, is way down at £145,000 (£383,000) because of a heavier tax charge —£150,000 (credit £35,000)—resulting from a greater burden within associated companies. But in view of the company's strong reserves and asset position the interim dividend is being held at 1p.

COMPANY NEWS IN BRIEF

Continued growth at **SI Group's** brewing orientated manufacturing subsidiaries resulted in "very satisfactory" results in the interim period with group taxable profits moving ahead 50 per cent from £426,000 to £639,000.

Trading profits for the period rose from £540,000 to £768,000 on a £1.64m increase in turnover to £5.48m, and the taxable result was struck after interest payable of £129,000 (£114,000).

* * *

Pre-tax profits of USM company **Flogas** declined from I£255,000 to I£210,000 for the half year to November 30 1983 but the directors draw attention to the seasonal nature of the business and say it is expected that most of the profits will be earned in the second six months.

The company, based in Ireland, imports and distributes LPG, a mixture of hydro-carbon compounds, and LPG appliances, storage tanks, domestic cylinders, valves and regulators.

Turnover for the period rose to £5.58m (£4.16m).

The reduced margins combined with the effects of a mild winter will contain profits at approximately last year's level of £1.06m, the figure forecast in the prospectus.

Earnings for the opening half emerged at 1.73p (2.29p) and an interim dividend of 0.88p is being paid—a total of 2.2p has been forecast.

BOARD MEETINGS

TODAY

Interim: New Australia Investment Trust.

Finals: Anchor Chemical, Bardsey, Bentalls, Caparo Industries, Clement Clarke, Edinburgh Investment Trust, Emess Lighting, English National Investment, Feb International, Futura, Lawrence Gould, Helene of London, Moss Bros, Nurdin and Peacock, Rush and Tompkins, Thomas Warrington.

FUTURE DATES

Interims:

Bass	May 23
Border & S'thern S'holders Tst	Apr 26
Concentric	May 18
Finlay (James)	Apr 26
Safeguard Ind Inv	May 1
Samuel Properties	Apr 26

Finals:

Ambrose Inv Tst	May 8
Computer and Systems Eng	May 3
Crowther (John)	May 8
Ex-Lands	Apr 25
Farnell Electronics	Apr 26
Fleming Far Eastern Inv Tst	May 3
Gold and Base Metal Mines	Apr 25
Hall (Matthew)	May 2
Lake View Inv Tst	Apr 26
Minet	Apr 26
Ropner	Apr 30
Runciman (Walter)	May 15
Stewart Enterprise Inv	May 14
Sunlight Service	Apr 27
Wire and Plastic Products	Apr 26
Young and Co's Brewery	May 24

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or –	Net Div.	Times Covered	Gross Yield	P.E. Ratio
270	100	—	108	99	Assoc Brit Ports	102	....	5.5	—	4.5	—
915	F.P.	—	£11	£10	Biotechnology Invs	£10	....	FQ10c	—	0.7	—
§95	F.P.	10/5	195	145	Body Shop 5p	195	+20	b1.8	2.2	1.3	50.0
§156	F.P.	27/4	182	166	Burmatex 10p	182	....	b5.0	1.9	3.9	18.8
§67	F.P.	—	205	155	CPS Computer 20p	165	....	u1.0	2.6	0.9	51.1
25	F.P.	13/4	23½	20½	Cambium Venture 5p	21	....	—	—	—	—
100	F.P.	3/5	102	97	C. J. R. Pacific Inv. Tst	100	–2	—	—	—	—
—	F.P.	3/5	42	27	Do. Warrants	42	....	—	—	—	—
—	F.P.	—	38	12½	Cluff Oil Warrants	29	+1	—	—	—	—
‖	F.P.	—	128	118	Commerc'l Bk Wales £1	118	–2	7.5	2.1	9.1	6.8
120	F.P.	27/4	160	133	Connells Estate Agts 5p	133	–2	g3.8	2.3	3.0	20.3
—	F.P.	—	27	24	Cons. Venture 20 W'rts	17	....	—	—	—	—
§162	F.P.	4/4	177	170	Denmans Electrical	175	....	43.5	4.9	2.9	11.5
—	F.P.	10/5	41	38	Eng. & Int'l Tst. War.	38	....	—	—	—	—
180	F.P.	11/5	205	195	First Leisure Corp. £1	202	+2	u6.0	2.1	4.2	13.2
§114	F.P.	19/4	147	132	Formdesign 20p	149	+2	bgd5.8	2.4	5.8	12.8
†US$5	40%	—	24	20	Fledgeling Japan 1c	21	–1	—	—	—	—
†—	F.P.	—	25	23	Do. Warrants	24	–1	—	—	—	—
§75	F.P.	11/5	90	80	Havelock Europa 10p	88	....	bg.16	2.4	2.6	20.8
*156	F.P.	17/4	116	83	Horne (Robert) 20p	116	....	u2.45	3.3	3.0	14.0
—	F.P.	17/4	109	78	Do. N/V 'A' 20p	109	....	u2.45	3.3	3.2	13.1
§130	F.P.	11/5	157	140	MeadowF'm Prod 10p	155	....	bg3.85	2.7	3.4	12.6
125	F.P.	10/5	120	102	Nth Sea & Gen. Oil £1	112	–5	—	—	—	—
§52	F.P.	27/4	60	57	Osprey Communic'tns	60	....	N1.0	—	2.4	—
215	F.P.	27/4	268	230	Our Price 20p	235	....	bg3.0	5.7	1.8	17.5
§80	F.P.	—	104	101	Pantherella	103	–1	u3.3	2.5	4.6	12.5
¶125	F.P.	13/4	325	140	Petranol 10p	318	+20	—	—	—	—
‖	F.P.	—	275	263	Plantation & Gen Invs	275	....	4.0	3.1	2.1	18.2
§120	F.P.	13/4	155	138	Platon Intl.	143	....	bg1.64	5.5	1.6	11.0
160	F.P.	13/4	255	225	Powerline Int'l. 5p	250	....	bg1.4	3.9	0.8	46.3
§70	F.P.	25/5	100	90	Ramco Oil Ser's 10p	98	+1	u0.7	5.3	1.0	19.6
160	F.P.	25/4	305	250	Robertson Res'rch 10p	240	–7	bg3.0	2.9	1.8	26.5
§78	F.P.	11/5	128	102	Scantronic 2½p	128	....	bg1.6	2.0	1.8	31.9
270	F.P.	19/4	500	410	Systems Reliabil'y 10p	470	....	g3.75	2.9	1.2	38.4
§143	F.P.	27/4	192	166	Tod (W. & J.) 5p	175	+5	bg2.5	2.1	2.0	29.1
—	F.P.	—	35	34	Utd. Biscuits Warr'nts	35	....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or –
98.19	£25	—	25½	25¼	Border & S'thern 11⅛% Deb. Stk. 2014	25½	....
97.072	£25	1/7	28⅝	25¼	Brixton Est. 11½pc 1st Mort. Deb. 2023	27¼	....
§100	F.P.	10/5	93½	91¾	Eng. & Intl. Tst. 10⅝% Deb. 2014	92	....
98.043	£30	26/6	30⅜	29¼	Finland 11½% Ln. 2009	29¼	–⅛
‖	Nil	15/6	22pm	12pm	Home Charm 7% Cnv. Uns. Ln. 1997/2004	12pm	–2
99.714	£30	26/4	35⅝	30	Int. Bk. for Rec. & Dev. 11.8% Ln. 2003	31⅛	–½
§95.711	£25	15/6	27¼	24½	MEPC 10¾pc 1st. Mort. Deb. 2024	25¼	–½
—	F.P.	—	100	99¾	Nationwide 9¾% 25/3/85	99⅞	....
—	F.P.	—	100¼	100	Do. 9¼% 15/4/85	100	....
§97.80	£25	18/7	30½	25½	Province de Quebec 12½% Ln. 2020	28⅝	–½
98.50	£25	11/5	27⅞	24⅞	TR City of London 11¼pc Deb. 2014	27	....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or –
400	F.P.	17/5	553	460	A. B. Electronic	525	....
75	Nil	—	35pm	34pm	Aidcom Intnl. 10p	34pm	–1
Fl.93	F.P.	—	£23¾	£22½	Akzo N/V Fl. 20	£23⅛	....
215	F.P.	10/5	332	305	Bowater £1	327	–1
98	Nil	—	15pm	13pm	Brit. Car Auction 10p	15pm	....
A$7.5	Nil	2/5	266pm	216pm	Broken Hill Prop. A$2	250pm	....
Ir.62p	F.P.	5/4	67	61½	Cement-Roadstone	67	+1
95	Nil	25/5	15pm	5pm	Evered	5pm	....
450	F.P.	15/6	495	475	Exco Intl	495	+15
205	Nil	23/5	45pm	25pm	Garfunkels Rest 10p	35pm	....
25	Nil	8/5	25pm	14pm	Glanfield Lawrence	23pm	....
130	F.P.	9/4	155	147	Grosvenor Group	155	....
80	F.P.	3/4	89	80	Hawley Group 12½p	86	–1
40	F.P.	16/4	43	39	Immed. Bus. Systems 10p	42	....
25	F.P.	11/5	27	25¾	Sutcliffe Speakman	25	....
50	F.P.	12/4	68	62	TSL Thermal Syndicate	67	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. †Each unit comprises 5 shares and 1 warrant.

Trade Development Bank Holding S.A.
Luxembourg

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Trade Development Bank Holding S.A. (TDB Holding) will be held at the registered office of the Company, 13, Boulevard de la Foire, Luxembourg at 2:30 p.m. on 8th May, 1984 for the purpose of considering and voting on the following matters:

1. Approval of the Chairman's Statement.
2. Approval of the Statutory Auditors' report and the unconsolidated financial statements of the Company for the year ended 31st December, 1983.
3. Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the year ended 31st December, 1983.
4. Distribution of a dividend of US$ 0.75 per share and the carrying forward of the balance of the profit.
5. Election of the Board of Directors for 1984. Standing for election: Messrs. Edmond J. Safra, François Lugeon, George B. Balamut, Jean Hoss, Roger Junod, C. G. Rodney Leach, John A. Waage and Walter H. Weiner.
6. Election of the Statutory Auditors for 1984.
7. Approval of the consolidated financial statements of the Company for the year ended 31st December, 1983.
8. Amendment of the corporate name, and consequential amendment of Article One of the Articles of Incorporation.

By Order of the Board,
Edmond J. Safra
Chairman

NOTES:

Subject to the relevant resolution being approved, the dividend will be payable on 1st June, 1984: (i) in respect of registered shares to shareholders on the register as at 1st May, 1984 and (ii) in respect of bearer shares against surrender of Coupon No. 15 to any of the Paying Agents listed below.

Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting in person must produce a depositary receipt or present his share certificates to gain admission. If he wishes to be represented at the meeting, he must lodge a proxy duly completed together with a depositary receipt at the registered office of TDB Holding at 13, Boulevard de la Foire, Luxembourg, not later than 7th May, 1984 at 5:00 p.m. The shareholder may obtain the depositary receipt and, if required, the form of proxy from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his address on the register together with a form of proxy for use at the meeting. The proxy should be lodged at TDB Holding's office in accordance with the above instructions.

The remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the meeting if he so desires.

The resolutions concerning Items 1 to 7 of the Agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one fifth of the issued share capital or more than two fifths of all shares represented at the meeting.

The resolution concerning Item 8 of the Agenda requires a majority of at least two thirds of the votes of the shareholders present or represented, provided there is a quorum of at least fifty percent of issued share capital. There is no limitation as to the number of shares for which any shareholder or proxy may cast votes.

Copies of this notice and of the Annual Report, including the financial statements of TDB Holding for the year ended 31st December, 1983, may be obtained at its registered office, and from any of the banks at the following addresses:

*Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN.
*Banque Internationale à Luxembourg S.A., 2, Boulevard Royal, Luxembourg.
*Manufacturers Hanover Bank Belgium, 13, Rue de Ligne, 1000 Brussels.
*Manufacturers Hanover Banque Nordique, 20, Rue de la Ville-L'Evêque, 75008 Paris.
*Manufacturers Hanover Trust Company, 40 Wall Street, New York, N.Y. 10015.
*Manufacturers Hanover Trust Company, Bockenheimer Landstr. 51/53, Frankfurt.
*Republic National Bank of New York, 452 Fifth Avenue, New York, N.Y.10018.
Trade Development Bank, 25, Corso S. Gottardo, 6830 Chiasso, 1.
*Trade Development Bank, 30 Monument Street, London EC3R 8LH.
Trade Development Bank (France) S.A., 20, Place Vendôme, 75001 Paris.
*Trade Development Bank (Luxembourg) S.A., 34, Avenue de la Porte-Neuve, Luxembourg.
Trade Development Bank, 2, Place du Lac, 1204 Geneva.

**Paying Agent of TDB Holding.*

BASE LENDING RATES

A.B.N. Bank	8½%	Heritable & Gen. Trust	8½%
Allied Irish Bank	8½%	■ Hill Samuel §	8½%
Amro Bank	8½%	C. Hoare & Co. †	8½%
Henry Ansbacher	8½%	Hongkong & Shanghai	8½%
Armco Trust Ltd.	8½%	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9 %	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	8½%	Lloyds Bank	8½%
Bank Hapoalim BM	8½%	Mallinhall Limited	8½%
BCCI	8½%	Edward Manson & Co.	9½%
Bank of Ireland	8½%	Meghraj and Sons Ltd.	8½%
Bank of Cyprus	8½%	Midland Bank	8½%
Bank of India	8½%	■ Morgan Grenfell	8½%
Bank of Scotland	8½%	National Bk. of Kuwait	8½%
Banque Belge Ltd.	8½%	National Girobank	8½%
Barclays Bank	8½%	National Westminster	8½%
Beneficial Trust Ltd.	9½%	Norwich Gen. Tst.	8½%
Bremar Holdings Ltd.	8½%	People's Tst. & Sv. Ltd.	9½%
Brit. Bank of Mid. East	8½%	R. Raphael & Sons	8½%
■ Brown Shipley	9 %	P. S. Refson & Co.	8½%
CL Bank Nederland	8½%	Roxburghe Guarantee	9½%
Canada Perm't Trust	8½%	Royal Trust Co. Canada	8½%
Castle Court Trust Ltd.	9 %	■ J Henry Schroder Wagg	8½%
Cayzer Ltd.	8½%	Standard Chartered ‖	8½%
Cedar Holdings	9 %	Trade Dev. Bank	8½%
■ Charterhouse Japhet	8½%	TCB	8½%
Choulartons	10½%	Trustee Savings Bank	8½%
Citibank Savings ¶	9½%	United Bank of Kuwait	8½%
Clydesdale Bank	8½%	United Mizrahi Bank	8½%
C. E. Coates	9½%	Volkskas Limited	8½%
Comm. Bk. of N. East	8½%	Westpac Banking Corp	8½%
Consolidated Credits	8½%	Whiteaway Laidlaw	9 %
Co-operative Bank *	8½%	Williams & Glyn's	8½%
The Cyprus Popular Bk.	8½%	Wintrust Secs. Ltd.	9 %
Dunbar & Co. Ltd.	8½%	Yorkshire Bank	8½%
Duncan Lawrie	8½%		
E. T. Trust	9 %		
Exeter Trust Ltd.	9½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	9½%		
Robert Fraser	9½%		
Grindlays Bank ‡	8½%		
■ Guinness Mahon	8½%		
■ Hambros Bank	8½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8% £10,000. 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¼%. £10,000 up to £50,000 6¼%. £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
‖ 21-day deposits over £1,000 6¼%.
§ Demand deposits 5¼%.
¶ Mortgage base rate.

Notice of Redemption to the Holders of Sanyo Electric Co., Ltd.
US$ 30,000,000
6¼ per cent. Convertible Bonds 1991

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated 10th November, 1976 between Sanyo Electric Co., Ltd. (the "Company") and The Law Debenture Corporation p.l.c., as Trustee, all of the above-mentioned Bonds outstanding under the said Trust Deed have been called for redemption on 30th May, 1984 at the redemption price of 103 per cent of the principal amount thereof, together with accrued interest to 30th May, 1984, amounting to US$ 31.25 per Bond from which date all interest thereon shall cease.

The right to convert the Bonds into Common Stock of the Company will terminate at the close of business on 30th May, 1984, the date fixed for redemption. Bonds surrendered for conversion will not be entitled to accrued interest and must have attached the 31st May, 1984 coupon and all coupons maturing thereafter. Bonds for conversion should be lodged in accordance with Condition 5(B) (i) at the offices of the Conversion Agents specified below on or before 30th May, 1984:

J. Henry Schroder Wagg & Co. Limited,
120 Cheapside, London EC2V 6DS.

Banque Generale du Luxembourg,
14 rue Aldringen, Luxembourg.

The Bonds are presently convertible into Common Stock of the Company at a price of 239 Japanese yen per share. At such conversion price the holder of US$ 1,000 principal amount of Bonds would receive 1,226 shares of Common Stock of the Company (using the fixed exchange rate specified in the conditions of yen 293.55 equals US$ 1.00). The reported closing price on 17th April, 1984 of the Common Stock of the Company on the Tokyo Stock Exchange was 527 Japanese yen per share. At such a price, the holder of a Bond of US$ 1,000 principal amount would receive upon conversion shares having an aggregate value of US$ 2,682.65. Failure to deliver Bonds for conversion on or before 30th May, 1984 will automatically result in redemption at a price (including accrued interest) of US$ 1,061.25 for each US$ 1,000 principal amount of Bonds.

Bonds for redemption must have attached the 31st May, 1984 coupon and all coupons maturing thereafter and should be lodged at the specified offices of the Paying Agents:

J. Henry Schroder Wagg & Co. Limited,
120 Cheapside, London EC2V 6DS.

Banque Generale du Luxembourg,
14 rue Aldringen, Luxembourg.

J. Henry Schroder Bank & Trust Company,
One State Street, New York, N.Y. 10015.

The Sumitomo Bank, Limited,
Avenue des Arts 21-22, Bte. 3, 1040 Bruxelles;
Immermannstrasse 14-16, 4000 Dusseldorf;
Temple Court, 11 Queen Victoria Street, London EC4N 4TR

Swiss Bank Corporation,
Aeschenvorstadt 1, CH-4002 Basle;
Paradeplatz 6, CH-8022 Zurich.

Dated 24th April, 1984
Sanyo Electric Co., Ltd.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Akroyd & Smithers	May 9	Interim 4.0
Allied-Lyons	June 1	Final due
Anglo American Corp SA	June 1	Final 75c
Anglo American Inv Tst	Apr 14	Final 440c
Assoc Paper Inds	May 10	Interim 1.2
AB Foods	May 23	Sec int 3.2
Allied Irish Bank	May 25	Final 4.5
*ANZ	May 21	Interim 14c
Avon Rubber	May 25	Interim 1
BOC	May 12	Interim 2.73
*BSG Intl	Apr 17	Final nil
*Bank of Ireland	May 17	Final 10.5
*Bass	May 23	Interim 2.93
Beecham	June 2	Final 5.0
*Blackwood Hodge	Apr 22	Final nil
*Blue Circle Inds	Apr 26	Final 12.25
Boots	May 25	Final 6
*British Home Stores	May 8	Final 3.5
Capital and Counties	May 25	Final 3
Cater Allen	May 25	Final 18.85
Coalite	June 1	Final 3.5
Costain	May 10	*Final 7.0*
Courtaulds	May 20	Final 2.25
*Debenhams	May 10	Final 4.76
De La Rue	June 1	Final 16.9
Dubilier	Apr 20	Interim 0.9
*EIS	Apr 26	Final 3.5
Electronic Rentals	June 2	Final 2.068
European Ferries	May 5	Final 2.36
Extel	May 16	Final 7.5
*Feb Intl	Apr 24	Final 1.65
*Flight Refuelling	Apr 27	Final 1.9
French Kier	May 3	Final 3.6
*Garrard and National	May 10	Final 14.0
Grand Metropolitan	May 16	Interim 3.875
*Hall (Matthew)	May 12	Final 4.944
Harrison and Crosfield	June 2	Final 23.5
Heath (C. E.)	May 19	Final 9.75
Hepworth (J.)	May 10	Interim 1.59
Hickson Intl	June 2	Interim 3.0
*House of Fraser	Apr 26	Final 5.5

	Date	Announcement last year
Inchcape	*May 31*	*Final 11.0*
Johnson Firth Brown	June 3	Interim nil
*Laing (J.)	May 2	Final 1.675
Land Securities	May 19	Final 6.25
*Laporte	Apr 26	Final 5.25
Laird Group	Apr 9	Final 2.1
Lloyds and Scottish	May 12	Interim 1.0
London and Northern	May 25	Final 2.5
MEPC	May 31	Interim 2.0
Marks and Spencer	May 4	Final 3.25
*Menzies (J.)	Apr 30	Final 3.4
*Minet	Apr 26	Final 2.1
Minster Assets	May 25	Final 3
Mowlem (John)	May 4	Final 8.4
*Northern Foods	June 20	Interim 2.25
Plessey	May 26	Final 1.945
Polly Peck	May 16	Interim 9
RHM	May 24	Interim 1.524
RHP	May 26	Interim 2
Royal Bank of Scotland	May 5	Interim 3.0
Samuel (H.)	June 1	Final 4.25
*Samuel Props	Apr 26	Interim 1.43
Sainsbury (J.)	May 24	Final 3.95
Sears	May 10	Final 2.1
Simon Eng	Apr 25	Final 9.25
*600 Group	June 7	Final due
Smith (W.H.)	Apr 20	Final 4.25
*Sunlight Service	Apr 27	Final 3.638
*Tarmac	May 1	Final 7.8
Tate & Lyle	May 25	Interim 4.5
*Telephone Rentals	Apr 26	Final 3.0
Trafalgar House	May 9	Interim 4.0
*UBM	Apr 26	Final 1.2
UEI	May 8	Final 3.2
Vaux Breweries	*May 12*	*Interim 3.025*
Wearwell	May 17	Interim 1.32
Whessoe	May 11	Interim 2.5
Whitbread	May 17	Final 2.15
*Wimpey (G.)	Apr 26	Final 3.75
Wolverhampton & Dudley Brews	May 13	Interim 2.3

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

* Board meeting intimated. † Rights

FINANCIAL TIMES STOCK INDICES

	Apr. 19	Apr. 18	Apr. 17	Apr. 16	Apr. 13	Apr. 12	1984 High	1984 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	81.68	81.94	82.03	82.05	82.43	82.66	83.77	81.68	127.4	49.18
Fixed Interest	86.31	86.31	86.30	86.29	86.42	86.46	87.48	86.29	150.4	50.53
Industrial Ord	880.0	888.6	879.8	875.2	895.2	888.6	901.4	770.3	901.4	49.4
Gold Mines	683.2	679.4	673.3	672.5	673.5	670.9	711.7	520.2	734.7	43.5
FT-Act. All-Share	523.65	526.47	524.02	523.08	532.00	526.56	532.00	470.03	532.00	61.92
FT-SE 100	1108.4	1116.2	1110.3	1105.6	1129.1	1117.0	1130.7	997.5	1130.7	997.5

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A Guide to FINANCIAL TIMES STATISTICS

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Bank of Tokyo (Curacao) Holding N.V.

US$30,000,000

GUARANTEED FLOATING RATE NOTES DUE 1993

Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated October 16, 1978, notice is hereby given that the Rate of Interest has been fixed at 11 7/16% p.a., and that the interest payable on the relevant Interest Payment Date, October 24, 1984, against Coupon No. 12 will be US$58.14.

April 24, 1984, London
By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBANK

SUN ALLIANCE INSURANCE GROUP

Comments by the Chairman – Lord Aldington

In opening my statement last year, I said that world insurance markets were in a bad way. In 1983, there was a limited change for the better, but only in some areas. In Sun Alliance we have reduced our underwriting loss from £70.9m to £67.4m and at the same time achieved a small real increase in premiums in a number of sectors of business without departing from the policy of responsible underwriting. Although this reflects an excellent performance by our staff and compares well with our major competitors, it also reflects a far from satisfactory situation in world insurance markets. We can take comfort both from modest signs of better intentions, and from limited signs of action, as well as from our performance in most of the home market; but our reinsurance business has continued to prove how right were my warnings in earlier years and in September last. We have sharply cut back on reinsurance. We expect losses in the future to be much reduced. We shall need much more evidence of longer term recovery before we seek to expand there.

Our investment performance was again good and the markets were favourable. Our solvency margin at the end of 1983 was 125%. The combination of a reduced underwriting loss, an increase in the Life business contribution and an £11.4m increase in investment income led to a profit before tax of £73.4m compared with £56.8m in 1982. I must emphasise once again the strength of our asset position both in allowing us wider opportunities in investment and in giving us a solid base for expansion when the markets make that sensible.

DIVIDEND

The Directors have resolved to declare a total dividend of 56p per share which compares with 48p paid for 1982 — an increase of 16.7%. An interim dividend of 22p was paid in January and the final dividend of 34p will be paid on 5th July next.

Your Directors hope that the strong asset position of the Group will enable them to continue a steady increase in the dividend, even while the world insurance markets remain in a poor state.

RECENT DEVELOPMENTS

There are those who see the long term outlook for insurance and insurance companies as bleak. We do not. For this Group we see a profitable future with sound growth. Certainly we shall not be able to return to the trading patterns of the 1970's. In those years developments both in the industrialised and third world countries brought fundamental and permanent changes but they are changes to which we can and do respond. New communications technology has opened up new fields in world-wide insurance marketing. Our business has always been international and is becoming more so. Insurance buyers and sellers throughout the world are in almost instant communication and capacity available in Singapore or New York is often as readily available to a London broker as capacity in the City of London itself.

It is not therefore surprising that one of the rapidly developing areas in our Group is the International Department, dealing with composite insurance programmes for large companies with operations in many parts of the globe. This department, working in conjunction with our companies, branches and agencies all over the world, enables us to respond promptly to the insurance requirements of companies producing an infinite variety of products and services under differing systems of law and trading practices.

Much concern has been expressed about the development of self-insurance and captive companies. Certainly these have had an impact on traditional insurance markets. They have emerged as a natural development following the growth of industrial companies by merger and acquisition. Much of this development has been logical and healthy; and we acept the challenge to provide viable alternatives or, where appropriate, to provide new services in partnership with industry and other financial institutions.

We are encouraged by the way in which the limits of insurability are being pushed ever outwards. We are constantly devising underwriting techniques for new kinds of risk for developing industries like electronics, energy and space exploration; and there is, in practically all areas of insurance, a growing trend away from cover for specific perils towards insurance against loss in its much wider sense.

It is generally accepted that bad underwriting results have been due largely to competition in a world market awash with insurance and reinsurance capacity, itself created because too many have ill-advisedly put too much reliance on investment income to offset these results. We must, however, be careful not to blame all our troubles on one cause. Over the last few years underwriting performances have slipped and London must accept its duty to lead the industry back to the best underwriting standards. For though many of the conditions have gone which first made London the centre of world insurance, the reputation for trading integrity and professional expertise which remains, and must be maintained, gives London a special place in the insurance world.

LIFE ASSURANCE

We question the wisdom of the Chancellor in abolishing for the future, and without prior consultation with the life assurance industry, life assurance premium relief. The relief was introduced nearly 200 years ago and is as old as income tax; it has provided vital encouragement to millions of people to buy protection and security from their own resources rather than rely upon the State.

The following is a quote from William Pitt's introduction of the Income Duty Bill of 1799 in which, after extolling the virtues of a tax on incomes, he said:—

"*... there is one case which with a view to that class who are really willing to save for the benefit of those for whom they are bound to provide, makes some modification. It is in favour of those who have recourse to that easy, certain and advantageous mode of providing for their families by insuring their lives. In this bill, as in the assessed taxes, a deduction is allowed for what is paid on this account*".

We find it curious that a government dedicated to persuading its fellow-citizens to "stand on their own feet" should so arbitrarily abandon William Pitt's principles. This tax concession has admittedly in recent years become a significant feature in some of the shorter term contracts but we believe the concession should and could have been retained for appropriate long term life and savings policies. It is not usually wise to let the baby go out with the bathwater, just because one does not like the bathwater.

Some of the companies in the Sun Alliance Group had themselves been trading for nearly a century before William Pitt introduced life assurance policy relief. During that time wars, governments and Chancellors have come and gone and we have survived and prospered under constantly changing environments. We shall continue to do so.

CONCLUSION

During 1983 we have been able to achieve a number of the major objectives we set ourselves at the beginning of the year. At home we have won some real increase in premiums and have improved overall our underwriting and marketing performance. In direct marketing we have taken a lead. At the same time we have taken advantage of the latest developments in computer technology and benefited from the reorganisation which was completed in 1982.

In Europe, Canada, Australia and in several other territories results have been better and in the United States of America, a marked improvement in most classes of business was overshadowed by severe weather losses and medical malpractice reserving requirements. The wholesale revision of our reinsurance operations has been completed and the action taken has reduced substantially the size of our portfolio.

Our Marine business continues to be well managed and in difficult circumstances a break-even result was achieved.

Our Life business has grown at an unprecedented rate helped by the changes in tax relief on mortgage payments. We should not, however, allow the growth from this source to blind us to the excellent expansion in other areas of our Life account.

Summary of Results — 1983

	1983 £m	1982 £m
Premium Income		
General Insurance	884.8	789.9
Long-term Insurance	294.3	208.0
	1,179.1	997.9
General Insurance Underwriting Result	(67.4)	(70.9)
Long-term Insurance Profits	8.5	7.0
Investment Income	131.3	119.9
Other Income	1.0	0.8
Profit before Taxation	73.4	56.8
Taxation and Minority Interests	27.4	20.8
Profit attributable to Shareholders	46.0	36.0
Dividend	27.6	23.7
Profit Retained	18.4	12.3
Earnings per Share	93.3p	73.0p
Dividend per Share	56.0p	48.0p

The Annual General Meeting of Sun Alliance and London Insurance plc will be held on 16th May, 1984 at the Head Office, Bartholomew Lane, London EC2.

spirax-sarco

Another year of progress at home and overseas

energy saving round the world

Pre-tax profits up 29.3% to £11.0m

Earnings per share increased by 35.8%

Important acquisitions in North America represent a major expansion of the Group's worldwide business

Group again demonstrates ability to prosper in difficult times

1984 has started well, especially in the United States

Further year of real progress envisaged

Spirax-Sarco Engineering plc, Charlton House, Cheltenham, Gloucestershire GL53 8ER.

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

European unrest boosts dollar

BY COLIN MILLHAM

The dollar rose above DM 2.65 last Thursday, the highest level for nearly two months. This was partly in reaction to larger-than-expected growth of 8.3 per cent in U.S. first-quarter gross national product, but was also the result of fears about a strike by the West German metal workers' union, threatening to bring the steel, engineering and motor industries to a halt. An earlier flash estimate of U.S. GNP was 7.2 per cent, and early last week some observers were suggesting the published figure would be below this.

Foreign exchange trading was fairly thin throughout the week, but the dollar had a firmer undertone as dealers showed reluctance to run short positions in the currency ahead of the long Easter weekend. The trend began on the previous Friday when a large order to buy dollars against the D-mark by a major U.S. oil company sent the dollar much firmer than would have been the case if market volume had been higher.

Economic statistics issued during the week were not expected to help the dollar, but apart from the GNP figure, the market chose to ignore most others, including a sharp fall of 26.6 per cent in U.S. March housing starts. This figure is often influenced by seasonal distortions, and in this case was almost certainly the result of very bad weather conditions, rather than any economic reversal.

A major factor assisting the dollar was the widening differential between U.S. and European interest rates, and the continued firmness of Eurodollar rates. Members of the European Monetary System were dragged down against the dollar by the weaker Deutsche Mark, and because the Swiss franc tends to move within fairly well defined limits against the German currency this also lost ground. Only the Japanese yet showed any ability to move up with the dollar, partly as a result of moves to open up Tokyo's capital markets.

One of the biggest uncertainties concerned sterling, but the pound held remarkably steady against the dollar, yen, and Swiss franc, losing only slightly over 1 cent against the U.S. currency, and improving against the Deutsche Mark, and EMS members. The miners' strike remained the principal reason for the nervousness about sterling, but with warmer weather approaching, high coal stocks at power stations, and doubts about the attitude of other unions, the market seemed to be waiting until the full effect of the strike becomes clear.

£ in New York

	April 20	Prev. close
Spot	$1.4165-4175	$1.4160-4170
1 month	0.26-0.27 dis	0.25-0.27 dis
3 months	0.79-0.81 dis	0.70-0.80 dis
12 months	3.28-3.33 dis	3.28-3.34 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

April 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4160-1.4230	1.4160-1.4190	0.24-0.29c dis	−2.24	0.77-0.82dis	−2.24
Canada	1.8150-1.8220	1.8170-1.8180	0.22-.032c dis	−1.78	0.85-0.95dis	−1.98
Nethlnd.	4.23½-4.26½	4.24¼-4.25¼	1¼-¾c pm	2.82	3⅛-2⅞pm	2.70
Belgium	75.60-77.00	75.90-76.90	13-23c dis	−2.81	42-52dis	−2.45
Denmark	13.81-13.87	13.84-13.86	1⅞-2⅞ore dis	−1.84	4⅛-5⅛dis	−1.34
Ireland	1.2260-1.2310	1.2265-1.2295	0.35-0.43p dis	−3.81	1.15-1.28dis	−3.95
W. Ger.	3.75-3.78	3.76½-3.77½	1¼-⅜pf pm	3.19	3⅛-2⅞pm	3.06
Portugal	190.00-192.00	190.50-191.00	130-345c dis	−14.98	450-1030dis	−15.56
Spain	211.50-212.50	211.55-211.85	125-150c dis	−7.78	420-460dis	−8.31
Italy	2320-2328	2325½-2327½	11½-13½lire dis	−5.48	40-42dis	−7.06
Norway	10.74-10.80	10.75½-10.77½	4⅛-4⅞ore dis	−5.02	12⅞-13dis	−4.74
France	11.56-11.59	11.57½-11.58½	3-4c dis	−3.63	11½-13½dis	−4.32
Sweden	11.12-11.17	11.12½-11.14½	2⅛-2⅜ore dis	−2.63	6⅛-6⅜dis	−2.27
Japan	318-320	318½-319½	⅞-⅝y pm	2.59	2⅛-2⅛pm	2.51
Austria	26.40-26.55	26.44-26.49	5⅞-4⅞gro pm	2.15	16-12⅞pm	2.18
Switz.	3.10-3.12½	3.11-3.12	1½-1c pm	4.82	4-3½pm	4.82

Belgian rate is for convertible francs. Financial franc 78.45-78.55. Six-month forward dollar 1.57-1.62c dis. 12-month 3.27-3.37.

OTHER CURRENCIES

Apr. 19	£	$		£ Note Rates
Argentina Peso	50.46-50.55	35.54-35.57	Austria	26.35-26.65
Australia Dollar	1.5365-1.5385	1.0830-1.0836	Belgium	78.20-79.00
Brazil Cruzeiro	1,970.96-1,992.30	1,388-1,395	Denmark	13.76-13.90
Finland Marka	8.0018-8.0386	5.6400-5.6500	France	11.52-11.64
Greek Drachma	148.60-149.60	104.90-105.20	Germany	3.74-3.78
Hong Kong Dollar	11.0690-11.1000	7.8065-7.8085	Italy	2300-2330
Iran Rial	123.50*	86.95*	Japan	318-323
Kuwait Dinar (KD)	0.41750-0.41858	0.29445-0.29460	Netherlands	4.225-4.265
Luxembourg Fr.	76.80-76.90	54.18-54.20	Norway	10.74-10.85
Malaysia Dollar	3.2485-3.2535	2.2870-2.2885	Portugal	186-197
New Zealand Dlr.	2.1515-2.1555	1.5165-1.5185	Spain	206½-216¼
Saudi Arab. Riyal	4.9955-5.0025	3.5205-3.5215	Sweden	11.09-11.20
Singapore Dollar	2.9590-2.9650	2.0835-2.0850	Switzerland	3.09½-3.12½
Sth African Rand	1.7643-1.7682	1.2445-1.2460	United States	1.41-1.43
U.A.E. Dirham	5.2105-5.2175	3.6720-3.6730	Yugoslavia	173-195

* Selling rates.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.5343	+1.54	+1.46	±1.5447
Danish Krone	8.14104	8.21750	+0.94	+0.86	±1.6425
German D-Mark	2.24184	2.23252	−0.42	−0.50	±1.0642
French Franc	6.87456	6.87075	−0.06	−0.14	±1.4052
Dutch Guilder	2.52595	2.51948	−0.26	−0.34	±1.4964
Irish Punt	0.72569	0.728731	+0.42	+0.34	±1.6699
Italian Lira	1403.49	1380.68	−1.63	−1.63	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4185	1.4212	1.4265	1.4345	1.4522
D-Mark	3.7700	3.7600	3.7413	3.7110	3.6623
French Franc	11.5800	11.6150	11.7060	11.8669	12.1998
Swiss Franc	3.1150	3.1025	3.0775	3.0391	2.9703
Japanese Yen	319.0	318.3	317.0	314.7	310.5

BANK OF ENGLAND TREASURY BILL TENDER

	April 19	April 13		April 19	April 13
Bills on offer	£100m	£100m	Top Accepted rate of discount	8.3850%	8.3850%
Total of applications	£588.8m	£733m	Average rate of discount	8.3800%	8.3776%
Total allocated	£100m	£100m	Average yield	8.56%	8.56%
Minimum accepted bid	£97.91	£97.91	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	14%	10%			

THE DOLLAR SPOT AND FORWARD

April 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4160-1.4230	1.4180-1.4190	0.24-0.29c dis	−2.24	0.77-0.82dis	−2.24
Ireland†	1.1525-1.1560	1.1525-1.1535	0.18-0.14c pm	1.66	0.53-0.45pm	1.70
Canada	1.2802-1.2809	1.2802-1.2807	0.06-0.03c pm	0.37	0.09-0.06pm	0.23
Nethlnd.	2.9905-2.9975	2.9965-2.9975	1.21-1.16c pm	4.75	3.65-3.60pm	4.85
Belgium	54.09-54.20	54.18-54.20	1.3c dis	−0.44	1-4dis	−0.18
Denmark	9.7450-9.7675	9.7625-9.7675	.20ore pm-.80dis	−0.18	2.00-1.00pm	0.61
W. Ger.	2.6445-2.6590	2.6565-2.6575	1.17-1.12pf pm	5.19	2.35-2.30pm	3.51
Portugal	134.40-134.90	134.40-134.90	60-200c dis	−11.59	220-600dis	−12.18
Spain	149.35-149.70	149.40-149.70	65-75c dis	−5.62	225-255dis	−6.43
Italy	1637½-1642	1640-1642	6-6½lire dis	−4.58	19-20dis	−4.76
Norway	7.5850-7.5950	7.5875-7.5925	1.00-2.00ore dis	−2.37	4.00-5.00dis	−2.37
France	8.1400-8.1700	8.1625-8.1675	0.95-1.15c dis	−1.55	3.90-4.40dis	−2.04
Sweden	7.8450-7.9600	7.8475-7.8525	.10ore pm-.40 dis	−0.23	.10pm-.40dis	−0.08
Japan	224.20-225.00	224.70-224.80	0.93-0.89y pm	4.86	2.68-2.61pm	4.69
Austria	18.64¾-18.68	18.66-18.68	7.00-6.50gro pm	4.34	21.50-19.50pm	4.40
Switz.	2.1880-2.1960	2.1945-2.1955	1.33-1.28c pm	7.14	3.91-3.86pm	7.09

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.30-55.35.

CURRENCY MOVEMENTS

Apr. 19	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.9	−11.2
U.S. dollar	127.8	+16.9
Canadian dollar	88.7	−2.6
Austrian schilling	116.6	+4.7
Belgian franc	90.3	−10.6
Danish kroner	78.7	−5.9
Deutsche mark	126.5	+8.2
Swiss franc	147.7	+11.2
Guilder	115.5	+4.7
French franc	66.7	−15.1
Lira	48.7	−12.6
Yen	160.6	+16.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.744525	0.593505
U.S. $	9	1.05663	0.842778
Canadian $	10.78	*	1.07918
Austria Sch.	4¼	19.7104	15.7178
Belgian Fr.	11	57.1822	45.5943
Danish Kr.	7	—	8.21750
D'mark	4	2.79912	2.23252
Guilder	5	3.15774	2.51948
French Fr.	9½	8.61682	6.87075
Lira	16	1750.60	1380.68
Yen	5	237.372	189.077
Norwgn Kr.	8	—	6.39668
Spanish Pta.	—	—	186.037
Swedish Kr.	8½	8.29983	6.62171
Swiss Fr.	4	2.31634	1.84754
Greek Dr'ch	20½	110.925	88.4684

*C$/SDR rate for April 18: 1.35377.

EXCHANGE CROSS RATES

Apr. 19	Pound St'rling	U.S. Dollar	Deusche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.419	3.770	319.0	11.58	3.115	4.253	2327.	1.818	76.85
U.S. Dollar	0.705	1.	2.656	224.9	8.164	2.196	2.998	1640.	1.281	54.18
Deutschemark	0.265	0.376	1.	84.63	3.072	0.826	1.128	617.1	0.482	20.38
Japanese Yen 1,000	3.135	4.447	11.82	1000.	36.30	9.766	13.33	7293.	5.697	240.9
French Franc 10	0.864	1.225	3.256	275.6	10.	2.690	3.672	2009.	1.570	66.36
Swiss Franc	0.321	0.456	1.210	102.4	3.717	1.	1.366	746.9	0.583	24.67
Dutch Guilder	0.235	0.334	0.887	75.01	2.723	0.733	1.	547.1	0.427	18.07
Italian Lira 1,000	0.430	0.614	1.620	137.1	4.977	1.339	1.828	1000	0.781	33.03
Canadian Dollar	0.550	0.780	2.074	175.5	6.371	1.714	2.340	1280.	1.	42.28
Belgian Franc 100	1.301	1.846	4.906	415.1	15.07	4.053	5.534	3027.	2.365	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	8½-8⅝	10⅝-10⅞	10-10¼	5¾-5⅞	1¼-1⅝	5¼-5⅜	11⅝-11⅞	14¾-15¼	11½-12	11½-12	5¾-5⅞	10⅞-11⅜
7 days' notice	8½-8⅝	10½-10¾	10-10¼	5¾-5⅞	6⅜-6½	5 3/16-5 5/16	11⅞-12⅛	13¾-15¼	11¼-11⅝	11¼-11¾	5¾-5⅞	11-11½
Month	8⅝-8¾	10⅝-10⅞	10 1/16-10⅜	5⅞-6	3½-3⅝	5⅜-5½	12⅛-12⅜	15⅛-15⅝	11-11½	11-11½	6 3/16-6 5/16	10⅝-11⅛
Three months	8 11/16-8 13/16	10 15/16-11 1/16	10 7/16-10¾	6-6 1/16	3 11/16-3 13/16	5½-5⅝	13-13¼	15½-16	11-11½	11-11½	6 3/16-6 5/16	10¼-10¾
Six months	9 1/16-9 3/16	11 3/16-11 5/16	11-11 5/16	6⅛-6¼	3 15/16-4 1/16	5 11/16-5 13/16	14-14¼	16¼-16¾	11⅜-11⅞	11⅜-11⅞	6¼-6⅜	10½-11
One year	9 5/16-9 7/16	11 11/16-11 13/16	11½-11 13/16	6½-6⅝	4 3/16-4 5/16	6 1/16-6 3/16	14¾-15	17⅛-17⅝	11¾-12¼	11¾-12¼	6 9/16-6 11/16	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 10 11/16-10 13/16 per cent; seven days 10 11/16-10 13/16 per cent; one month 10 11/16-10 13/16 per cent, three months 10 15/16-11 1/16 per cent; six-months 11⅛-11⅜ per cent; one year 11 11/16-11 13/16 per cent. Long-term Eurodollars two years 12⅜-12⅝ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12⅞-13⅛ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

FINANCIAL FUTURES

LONDON

In the table below London prices are for Thursday, April 19. Prices quoted for Chicago are for April 23.

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	88.85	88.92	88.77	88.97
Sept.	88.37	88.45	88.28	88.51
Dec.	87.95	88.05	87.94	88.11
March	87.60	87.73	87.60	—
June	87.31	—	—	—

Volume 4,003 (2,582)
Previous day's open int 14,475 (14,451)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
June	90.98	91.00	90.95	91.01
Sept.	90.61	90.66	90.61	90.69
Dec.	90.32	90.35	90.32	90.40
March*	90.10	90.13	90.10	90.18
June*	89.95	89.95	89.95	—

Volume 925 (558)
Previous day's open int. 8,449 (8,486)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	106-17	106-28	106-12	106-27
Sept.	105-29	106-05	105-28	106-07
Dec.	105-09	—	—	—
March	104-21	—	—	—
June	104-01	—	—	—

Volume 2,803 (1,759)
Previous day's open int 5,257 (5,366)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 22 to 34 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Jne	1.4242	1.4252	1.4230	1.4221
Sept.	1.4230	1.4320	1.4320	1.4296
Dec.	1.4415	1.4407	1.4407	—

Volume 43 (262)
Previous day's open int 2,343 (2,296)

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
Jne	0.3796	0.3803	0.3795	0.3802
Sept.	0.3844	—	—	—

Volume 127 (177)
Previous day's open int 503 (493)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
June	0.4599	0.4608	0.4607	0.4600
Sept.	0.4679	—	—	—

Volume 7 (1)
Previous day's open int 214 (214)

JAPANESE YEN Y12.5m
$ per Y100

	Close	High	Low	Prev
June	0.4479	0.4480	0.4480	0.4476
Sept.	0.4529	—	—	—

Volume 9 (84)
Previous day's open int 479 (529)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	65-08	65-10	65-03	64-30
Sept	64-22	64-26	64-18	64-12
Dec	64-08	64-10	64-04	64-30
March	63-28	63-28	63-22	63-18
June	63-18	63-18	63-14	63-08
Sept	63-09	63-09	63-03	62-31
Dec	63-01	63-01	62-28	62-23

U.S. TREASURY BILLS (IMM) $1m
points of 100%

	Latest	High	Low	Prev
June	90.12	90.12	90.01	89.98
Sept	89.63	89.63	89.56	89.53
Dec	89.23	89.23	89.20	89.16
March	88.93	88.93	88.90	88.86
June	88.64	88.64	—	88.59
Sept	88.39	88.39	88.39	88.37

CERT. DEPOSIT (IMM) $1m
points of 100%

	Latest	High	Low	Prev
June	89.01	89.03	88.97	88.96
Sept	88.46	88.48	88.45	88.43
Dec	88.02	88.04	88.02	88.00
March	87.66	87.67	87.66	87.63

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	88.59	88.61	88.55	88.53
Sept	88.05	88.07	88.03	88.01
Dec	87.59	87.63	87.58	87.58
March	—	87.25	87.23	87.22
June	—	86.88	86.88	86.86

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.4210	1.4230	1.4170	1.4235
Sept	1.4295	1.4310	1.4240	1.4310
Dec	1.4370	1.4385	1.4340	1.4390
March	1.4460	1.4460	1.4400	1.4470

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	67-12	67-14	67-04	67-10
Sept	66-15	66-17	66-06	66-14
Dec	65-20	65-22	65-16	65-20
March	—	—	—	64-30
June	—	—	—	64-12
Sept	—	—	—	63-28
Dec	63-15	63-16	63-13	63-15

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON	Apr. 19	change	NEW YORK	Apr. 19	change
Base rates	8½-8¾	Unch'd	Prime rates	12	Unch'd
7 day interbank	8⅜	+1/16	Federal funds	10⅝	+⅝
3 mth interbank	8⅞	Unch'd	3 Mth. Treasury Bills	9.76	+0.08
Treasury Bill Tender	8.3800	+0.0024	6 Mth. Treasury Bills	9.86	+0.10
Band 1 Bills	8⅛	Unch'd	3 Mth. C D	10.65	+0.35
Band 2 Bills	8½	Unch'd	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 64-91 days.

MONEY MARKETS

Resigned to higher rates

London's money market has become almost resigned to an upward move in interest rates, but the timing remains the subject of considerable doubt. The gilt and money markets were both very quiet, lacking any incentive to trade as U.S. interest rates firmed, and the New York bond market retreated.

Sterling interbank rates moved *up by about 1/16 per cent across* the range, but this was of little significance when set against the background of the present dispute in the mining industry. The rates seem to have settled into a holding pattern, and will probably remain so until the full impact of the miners' strike is known, or U.S. rates show another major move. The last increase in the Federal Reserve discount rate and commercial bank prime lending rates was about two weeks ago, but dealers are by no means convinced that the upward trend has yet run its course.

The prediction of Dr Henry Kaufman of Salomon Brothers about prime rates hitting 13½ per cent by the end of the year has a ring of truth about it as far as the market is concerned, particularly after the much faster first quarter gross national product growth figure than expected announced on Thursday.

There has been no sign of panic as yet anywhere in Europe, partly because the upward trend in rates is having an initial effect of taking pressure off the weaker members of the European Monetary System as the potentially strong D-mark falls from favour, thus reducing any need for a move to raise rates by the central banks in Brussels and Paris. The Bank of England has also had few problems so far, although the discount houses remain willing sellers of long dated bills for fear of an upward adjustment in rates during the next few months.

There were two days when large shortages occurred on the London money market, Monday and Thursday, and on both occasions the authorities provided an early round of assistance.

Market operators will continue to play a waiting game until something happens to push rates in one direction or the other, but given the present situation discretion is probably the better part of valour.

UK clearing banks' base lending rate 8½-9 per cent (since March 8)

MONEY RATES

Apr. 19	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50	12¼	1-2	5⅝-5¾	5.6875	16⅞-17¼	11.95	11⅞-12⅛
One month	5.6-5.7	12¼-13⅜	3⅜-3½	5 7/16-5 9/16	6.15625	16⅞-17¼	11¼-11½	12½-12⅝
Two months	5.65-5.80	12 7/16-12 9/16	—	—	—	—	—	12 11/16-12 13/16
Three months	5.70-5.85	12⅜-12½	3 11/16-3 13/16	6-6⅛	6.28125	17⅛-17½	11¼-11½	12¾-12⅞
Six months	5.80-5.95	12½-12⅝	—	6⅛-6¼	—	—	11¼-11½	12⅞-13⅛
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 19 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-8¾	8½-8⅝	7½-8⅞	6-8½	—	—	—	—	—
2 days notice	—	—	8½-8⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	8½-8 9/16	8⅝	8¾-8⅞	8½	—	—	—	—	—
One month	8 11/16-8 9/16	8 9/16-8 11/16	8⅝	8¾-8 13/16	8½	8½	8 13/32	8½	8 13/32	9⅛
Two months	8¾-8 13/16	8 13/16-8 15/16	8¾	9	8½-8⅝	8 15/32	8 7/16	8 15/32	8 7/16	9 1/16
Three months	8 29/32-8 27/32	8 15/16-8 13/16	8⅞	9⅛	8½-8⅝	8 15/32	8⅜	8 15/32	8⅜	9 1/16
Six months	9 1/32-9 1/32	9 1/16-9 3/16	9 1/16	—	—	—	—	8 9/16	8⅝	9 1/16
Nine months	9 3/16-9 5/16	9¼-9⅜	9 3/16	—	—	—	—	—	—	—
One year	9 3/16-9¼	9⅜-9½	9 5/16	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅛-8⅞	—	8⅝	10.65-10.85	8 13/16-9 1/16	8⅞-9 1/16
Two months	9¼-9	—	8¾	10.65-10.75	9 1/16-9 3/16	9-9¼
Three months	9¼-9	—	8 15/16	10.75-10.85	9¼-9⅜	9⅛-9⅜
Six months	9⅝-9⅛	—	9 1/16	11.0-11.1	9 7/16-9 9/16	9 7/16-9¾
Nine months	9⅝-9⅜	—	9⅜	11.15-11.35	—	—
One year	9 7/16-9 7/16	—	9½	11.45-11.65	9 15/16-10 3/16	10-10 5/16
Two years	—	10⅛	—	—	—	—
Three years	—	10⅜	—	—	—	—
Four years	—	10½	—	—	—	—
Five years	—	10⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of Interest period March 7 to April 3 1984 (inclusive): 8.978 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from April 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. London Deposit Rate for sums at seven days' notice 5¼-5½ per cent. Treasury Bills: Average tender rates of discount 8.3800 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine *months 9¼ per cent; nine-12 months 9½ per cent.* Under £100,000 8½ per cent from April 11. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12
Broker loan rate	11-11½
Fed funds	9⅝
No Fed intervention	—

Treasury Bills

One month	9.09
Two month	9.38
Three month	9.61
Six month	9.74
One year	9.94

Treasury Bonds

Two year	99 22/32
Three year	97 14/32
Four year	99 ⅛
Five year	97½
Seven year	98 27/32
10 year	94¾
30 year	94 ⅛

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. April 19)

3 months U.S. dollars	
bid 10 15/16	offer 11 1/16

6 months U.S. dollars	
bid 11 1/4	offer 11 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on April 19, 1984. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES SURVEY

Despite the Gulf War, the fighting in Lebanon, divisions among Arab nations and declining oil fortunes, Saudi Arabia still appears to be in a confident mood and is planning optimistically for the future

Saudi Arabia

A face of calm in a troubled region

SAUDI ARABIA appears today as outwardly calm, unruffled and confident about the future as it has at any point during the past decade.

The physical transformation of the Kingdom is still a source of wonder to those who knew the country in the 1960s and before. King Fahd's assumption of power was achieved with the minimum of disruption and as he moves towards completing the second year of his rule the extensive House of Saud looks to be firmly united behind him.

The upsurge of violence in the Middle East, most notably in Lebanon and in the war between Iraq and Iran, appears hardly to have touched Saudi Arabia. A heavy machine gun mounted on the back of a truck at the entrance to the U.S. Embassy in Jeddah is about the only jarring note in a country pleasantly free from overt security

By Roger Matthews
Middle East Editor

Whether such external equanimity is reflected in the private conversations between leading members of the ruling family must be far more doubtful. Although private doubts are never allowed to emerge and public debate is not encouraged, there are a series of domestic and international issues facing Saudi Arabia which could eventually force uncomfortable choices upon a Government noted for its caution and conservatism.

The most obvious and immediate danger comes from the Gulf War. Saudi Arabia has no choice but to continue its massive financial support for Iraq and hope that war weariness or a change of regime in Tehran may eventually bring Iran to the negotiating table.

The official Foreign Ministry view is that Saudi Arabia desires neither victor nor vanquished, but officials also admit they see no evidence of Iran modifying its demands or lessening its attempts to export its revolution.

Saudi officials believe that without the Kingdom's aid—now thought to have reached over $25bn—the Iraqi regime may have been toppled many months ago. Some officials also believe that it is a "miracle" that the war has been contained within its present geographical limits.

Earlier this year, Saudi Arabia was persuaded that Iraqi attacks on Iranian shipping would lead to an attempt to close the Strait of Hormuz and quickly established its own floating reserve of crude oil sufficient to cover about ten days exports—the period of time that the U.S. had said it would take to guarantee the resumption of shipping movements through the Strait.

The Saudi air force and air defences were simultaneously alerted for a possible sneak Iranian attack across the Gulf.

Despite massive numbers of Iranian troops still poised for yet another offensive against Iraq, Saudi officials now appear less concerned about the threat to shut the Strait.

"We believe Iran will only attempt such action if all its own oil exports are totally closed off and that is unlikely to happen," commented an official.

However, such a possibility still figures largely in the calculations of Sheik Ahmed Zaki Yamani, Saudi Arabia's long-serving Minister of Oil, as he continues to chart the recovery of the Organisation of Petroleum Exporting Countries from the near disaster of early 1983 when prices looked as if they were about to be forced into a downward spiral.

He believes that an extended closure of the Strait could threaten the present Opec strategy by again causing prices to rise sharply and would encourage renewed efforts by the industrialised countries to limit energy consumption. But provided that danger can be avoided Sheik Yamani is anticipating a steady increase in oil demand, particularly after 1987.

His calculations, which form an important element in Saudi Arabia's domestic budget strategy, are that the combination of western economic recovery, still lower oil prices in real terms, and a decline in output by several countries including Britain, will provide the Kingdom with the opportunity to sustain an output of 6m barrels a day or more within about three years.

Paradoxically, a swift end to the Gulf war would also threaten Sheik Yamani's assumptions by releasing an addtional export capacity from those two countries of 2mb/d-3mb/d although the effects on Saudi Arabia as the Opec swing producer would be partially offset by the ending of its financial support for Iraq.

Faced by so many imponderables, King Fahd appears to have opted for an optimistic assessment in drawing up a budget strategy and to utilise the country's external reserves in order to sustain a moderate rate of growth. In the budget announced at the beginning of this month, Saudi Arabia is planning expenditure of $75bn, an increase of $12bn over the actual spending figure for the previous 12 months.

Revenues have been also assessed rather optimistically at $62bn which, according to some independent calculations, would require an increase of nearly 1m b/d in oil production beyond the present 4.5m b/d. Alternatively it could suggest a willingness to draw down the reserves by more than $13bn envisaged in the budget.

Healthy reserves

Officials at the Saudi Arabian Monetary Agency are said to anticipate a possible decline in reserves during the present financial year of up to $20bn. Although this would leave the Kingdom with still very healthy reserves of about $110bn, it is not a trend that Ministers would wish to continue for much longer without more concrete signs of sustained increase in the world demand for oil.

The authorities are seeking in part to compensate for the relative slackening of state-funded economic activity by persuading the private sector to take greater responsibility for the next stage of the Kingdom's growth which is designed to encourage the creation of a modest industrial base.

CONTINUED ON NEXT PAGE

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Pilgrims in Mecca carrying umbrellas to keep off the sun. See page 12 for guide to Islam

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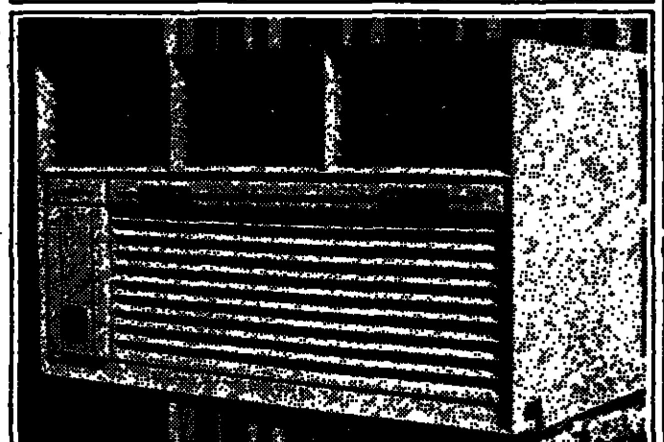
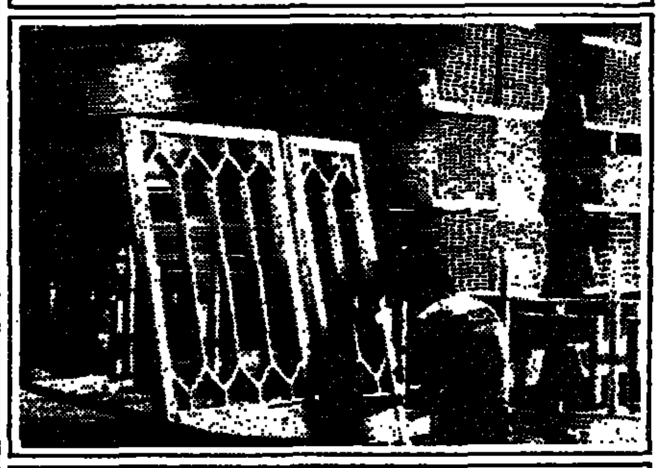
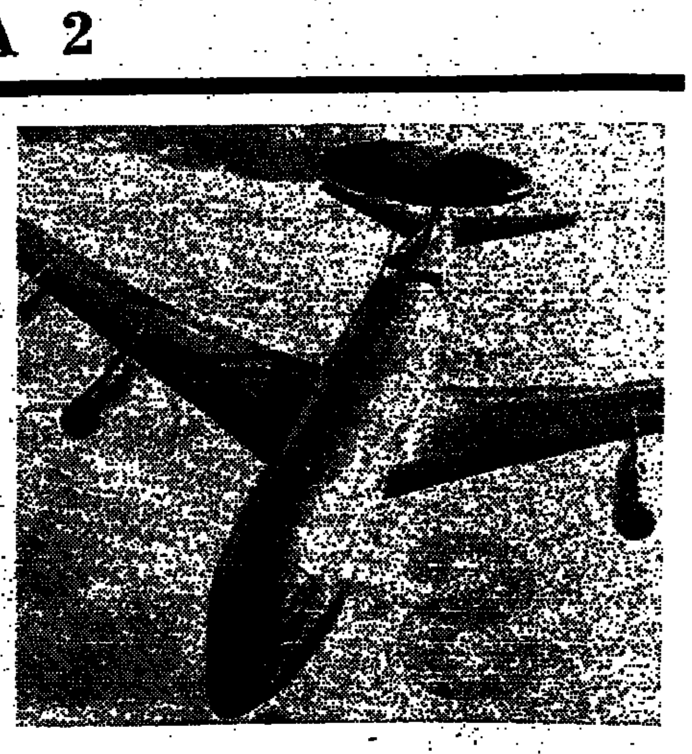
Editorial production of this survey by Mike Smith. Design: Philip Hunt.



Left: Crown Prince Abdullah meets British Prime Minister Margaret Thatcher in Downing Street earlier this year on an official state visit. Above: a Boeing Awac. The U.S. operates four Awacs for the Saudis and Boeing expects to deliver five more beginning in 1986

Arab consensus is main external aim

Saudi Arabia wishes to be on good terms with all its neighbours. This diminishes the risk of confrontation but provokes accusations of weakness, indecision and vacillation

SAUDI ARABIA has a capacity, unique in the Middle East, for pursuing close and friendly relations with governments which are following policies directly opposed to those of the Kingdom.

Conversations with senior officials in Riyadh or Jeddah are invariably punctuated by the assertion that Saudi Arabia wishes to be on good terms with all countries because this permits dialogue and the opportunity for persuasion while diminishing the risk of confrontation. But it also provokes accusations of weakness, indecision and vacillation, especially at times, such as now, when the League of Arab States is leaderless and divided.

Such accusations stem at least partially from a misunderstanding of Saudi intentions. Under King Fahd, Saudi Arabia appears to regard the achievement of Arab consensus to be the primary requirement of any approach towards solving the problems of the region. Its own modest policy initiatives have been designed around its assessment of the minimum level of agreement possible among the Arab states. Suggestions from King Hussein of Jordan that decisions in the Arab League should be taken by the majority find little response in Saudi Arabia, despite the fact that such a change would work in favour of the policies it espouses.

Saudi officials accept that the consequences of such a policy enable individual countries to veto the will of the majority. This has been all too obvious in the past few months when Syria has continued to deny the will of the Arab majority over the Gulf war and has also been attempting to bring the Palestine Liberation Organisation under its exclusive control.

Syria's continuing support for Iran in the war with Iraq dismays Saudi officials but has not brought any change in the relationship between Riyadh and Damascus. For over a year, Crown Prince Abdullah of Saudi Arabia has been seeking to persuade Syria to reopen the Iraqi oil pipeline to the Mediterranean but without success. The cost of the closure is borne directly by the Saudis, who since the early months of the war have been Iraq's most important financial backers.

Current Saudi aid to Iraq, in direct cash payments and in oil sold on Iraq's behalf, is estimated to be running at about \$7bn-\$8bn a year. The reopening of the trans-Syria pipeline, with a maximum capacity of about 1.4m barrels of oil per day, would ease the Saudi financial burden substantially. Yet not only do the Syrians refuse to contemplate such action but expect, and continue to receive, in the region of \$750m a year in payments from Saudi Arabia under the terms of the 1978 Arab summit agreements.

This money was provided initially to sustain Syria's efforts on behalf of the Palestinian people following Egypt's withdrawal from Arab confrontation with Israel. Syria may argue with some justification that during the past year it has been the only Arab country successfully to deny Israel's ambitions in Lebanon, but Saudi Arabia also has to accept that part of its annual contribution to Syria is being used to frustrate its desire to bring the Gulf war to a negotiated end and to bury the prospects for building on President Reagan's proposals for progress on the Palestinian issue.

Supremacy battle

There were few more distressing sights for moderate Arab countries last autumn than the factions of the PLO battling for supremacy in northern Lebanon. The role of Syria in providing material support for the rebels attempting to overthrow the leadership of Mr Yasser Arafat again directly opposed Saudi policy, but the government in Riyadh predictably opted for conciliation and avoided any public stance on the issue.

"Syria is an extremely important country in the region and while we may not always agree totally on all aspects of policy we do have an obligation to that country and we shall continue to discharge that obligation," a Saudi official said earlier this month. "It is a matter of duty to the cause of the Arab nation and everything we do, all actions that we take, have to be seen from that viewpoint."

"Our aim is primarily solidarity amongst the Arab countries which we consider absolutely vital. Our destiny depends on us being able to stand together again one day, and we will do nothing to harm such a prospect."

Saudi Arabia's ability to demonstrate its consistent support for pan-Arab ideals helps to counter the criticism that is levelled against its own very close relationship with the U.S. Officials in Saudi Arabia describe bi-lateral relations with the U.S. as "very good" but admit to "differences" over the degree of American backing for Israel.

Saudi officials claim that these "differences" are put forcefully to the U.S., although members of the Administration are more often than not pleasantly surprised at the cordiality of talks in Riyadh or Washington.

The diminution of Saudi Arabia's importance as a world oil supplier during the past three years and its fear of militant Iran have combined to increase the ultimate Saudi dependence on the U.S. Although brave words are spoken about the desire by Arab Gulf countries to avoid any superpower involvement in the region, it was to the U.S. that Saudi Arabia turned earlier this year when it began to fear that Iran might make good its repeated threat to attempt the closure of the Strait of Hormuz.

The U.S., along with Britain and France, was asked by Saudi Arabia what it intended to do if the Strait was shut. The response apparently gratified the Saudis, even though they had not made any specific request.

Saudi officials now say with some confidence that they would not expect the Strait to be closed to shipping for more than 10 days, while not themselves advocating any military response to Iranian actions.

The ruling family appears to believe that the avoidance of anything but the most generalised public utterances combined with more active behind the scenes diplomacy can pay effective dividends and particularly quote Saudi Arabia's efforts to defuse successive crises in Lebanon.

Saudi diplomats are pleased at the containment of the fighting in Lebanon and privately are proud of the skill they demonstrated in escaping largely undamaged from the confrontation between the U.S. and Syria.

"We value our friendship with both countries and we hope that both will come to see that the way forward is through negotiation and an acceptance of the rights of the people in the area," commented a Saudi official.

Frustrating

To some countries, looking for more active support, such statements are dismissed as meaningless platitudes. One senior Arab diplomat in Jeddah claimed that his dealings with Saudi Arabia had been the single most frustrating experience in a long international career.

"I am always being told what they think I would like to hear, but never is there any sense of urgency, or any indication that they are firmly behind a proposed course of action. The two major issues of the moment, Palestine and the Gulf war, are never going to be solved by waiting for a consensus or for something better to turn up. Solutions need imaginative and forceful action and sadly there is very little evidence Saudi Arabia can ever publically support such initiatives."

But it is also a mark of Arab deference to Saudi Arabia that such comments are not made openly. At a time of serious divisions within the Arab world, emphasised by the repeated postponements of the annual summit meeting, more countries are perhaps coming to the conclusion that public airings of grievances seldom produce helpful results.

Roger Matthews

Success in manufacturing

CONTINUED FROM PREVIOUS PAGE

There are already several examples of successful small-scale manufacturing but the hopes expressed for the private sector in the Fourth Development Plan are unlikely to be realised unless Saudi entrepreneurs can be persuaded to accept more modest definition of profitability.

The latest success story in the transformation of the Kingdom, and one of which King Fahd is particularly proud, helps to illustrate the point. This year, Saudi Arabia is certain to become self-sufficient in wheat and may even enjoy a small exportable surplus.

The fact that the wheat will have cost six to seven times more a bushel to produce than the present international price may make economic nonsense of the exercise, but it has given Saudi Arabia's rulers a sense of strategic independence and political achievement.

The astute Saudi businessmen who moved into wheat production and took full advantage of all the financial incentives available from the Government have become significantly wealthier in a very brief period. One even boasts that he has recovered his entire capital expenditure in the first 12 months of operation.

In the Kingdom's relatively straightened economic circumstances it cannot afford too many more successes of this nature and somehow must try to lower public expectations. However, this is a path down which the royal family is understandably reluctant to walk.

Courage

For the past ten years wealth has been spread, not always very equitably but certainly very generally, through the provision of many services free of all charge. In turn, this has prompted excess, particularly in the use of water and electricity, which the government would now like to curb.

A first tentative step towards the reduction of subsidies was taken in the April 1 budget with petrol prices being increased by 70 per cent. Petrol remains extraordinarily cheap by Western European standards, but within a fortnight the Government felt obliged to issue a warning that it would not tolerate price rises being passed on to the consumer in other forms.

Public reaction to the petrol increases will largely decide how courageous the government will be in tackling other similar issues.

Although the budget puts the cost of subsidisation at just over \$3bn in the new financial year, economists have been warning that this figure could mount swiftly as a proportion of the budget if the population continues growing at its present estimated level of nearly three per cent per annum.

According to these estimates, Saudi Arabia's indigenous population could reach 14m-15m by the end of the century, lending weight to the need for job creation policies and for an education programme tailored to the desire to reduce the expatriate presence in the Kingdom.

Saudi Arabia's heavy dependence on expatriates at all levels of the economy is a constant source of irritation and concern to the country's religious and political establishment. Their presence and the alien cultures which accompany them are viewed far more as a threat to the social and political fabric of the country than as providing an opportunity for enrichment or learning.

No form of religious activity other than Islam is permitted in the Kingdom and the authorities last year expelled several devout Christians for holding Bible classes in their own homes. Religious leaders have recently been busy warning Saudis planning to travel abroad this summer of the moral dangers which will threaten them and extolling them to stay in the Kingdom where they will be safe from temptation.

Whether this presages a more determined attempt by the authorities to ensure that there is no deviation from the strict tenets of Islam is still unclear, but it also probably reflects the impact that Moslem fundamentalists are having elsewhere in the Middle East.

As the guardian of the most holy places of Islam, Saudi Arabia is undoubtedly sensitive to accusations that it was less devout than others. Iranian propaganda broadcasts beamed across the Gulf invariably concentrate on the alleged excesses of members of the House of Saud and gap which is said to exist between their private behaviour and their public utterances.

Certainly the present climate of external threats and economic uncertainty at home is unlikely to encourage more broadly-based methods of popular consultation which have long been promised by King Fahd. Little has been heard recently about his suggestion for a National Consultative Council designed to extend the channels of communication between the people and the Government, a need which grows greater as the bureacuracy becomes more complex and demands on the time of the country's rulers ever greater.

The authority and legitimacy of the House of Saud have long rested on its capacity to provide security and prosperity for the people of the Kingdom. There is no indication that popular expectations have so far been disappointed. But should events demand difficult decisions from the country's rulers then they could yet regret the lack of a more efficient system for sustaining a national consensus on which they claim all present achievements have been built.

The Government has been forced to draw substantially on its reserves but the real income of most Saudis remains unscathed

Economy 'still in good shape' despite decline in GNP

IN THE eight years between 1973 and 1981 Saudi Arabia's economy expanded at a rate unprecedented in the history of any major nation-state. Fuelled by massive and increasing income flows from oil exports, quantum jumps took place in foreign exchange earnings, GNP, per capita wealth and import levels. Equally large increases occurred in expenditure on big capital projects in the social field and on general welfare.

The result was a transformation of the economy from near-poverty level to super-affluence. By 1981, Saudi per capita GNP had increased 20-fold to reach $30,000 a year, the highest of any major country in the world. Saudi export earnings had grown larger than the aggregate export earning of either the African or South American continents, and were exceeded only by three powers, the U.S., Japan and Germany.

On the expenditure side, domestic commitments multiplied as dozens of mega projects were undertaken to transform the Kingdom's communications, transportation, educational, health delivery and public utility systems to the highest world standards. Everything was done in a hurry with little in the way of cost constraints.

Contraction

After more than a decade of expanding oil income and massive foreign exchange surpluses, the decline in world demand for oil, and the resultant erosion of oil prices, led, in 1982, to the first significant contraction in oil income since the early 1970s. The contraction continues today.

Until recently, the main concerns of "Saudi watchers" were the absorption capacity of the domestic Saudi economy and the ability of the world's financial institutions to recycle Saudi Arabia's "excess" funds. These have now been replaced by questions relating to the ability of the royal family to govern effectively with reduced income flows and massive current account deficits.

The Government's reaction to its new problems are designed to have a minimal impact on the domestic private sector economy and on individual Saudi real incomes.

A $10bn drawdown on the Kingdom's huge $140bn reserves during the last fiscal year was recently reported by the Ministry of Finance. A further $13bn drawdown has been projected for the current fiscal year. Coincidentally, the Government has not made any commitments to new mega-projects in the last two budgets; and the latest Aramco Index of Construction Activity indicates that expenditure on projects under way are steadily decreasing.

The Government is also becoming more cost-conscious in awarding construction and service contracts. A recent example of this new attitude was the cancellation of the large Whittaker Hospital Administration contract shortly after an extension to an existing long term contract had been negotiated.

The Government exercised a termination clause and placed the contract out for competitive bidding in a significant shift of policy from past practices that permitted contract extensions to be negotiated on a single source basis with the original holders of the contracts.

Much of the necessary or desired infrastructure to transform Saudi Arabia into a modern nation-state—with expanding economic opportunities, better provision of health care, education and welfare—has been built or put in place. The absence of new mega project commitments will thus have little direct impact on most Saudis.

More directly affected will be the foreign contractors, particularly the South Koreans, who have dominated the large construction projects since the mid-1970s; the labour suppliers and the labourers from the Philippines, Pakistan and other Asian countries who have been the main sources of manpower for such projects; and the exporters of industrial goods and technology, including a number of West European countries who have found large and profitable markets in Saudi Arabia for their exports.

Although the real income of most Saudis is unlikely to be placed in jeopardy by declining oil prices and a lower level of exports, the pattern of the Kingdom's future growth, and in particular plans for major structual transformation based on downstream diversification, will face their initial challenge this year.

The challenge will be centred on the economic viability of the kingdom's new export refineries and petrochemical plants now coming into production. Conceived and started in the years when projected demand for oil and gas led many observers to predict the near exhaustion of world reserves by the beginning of the next century in most areas outside the Arabian peninsula, and at a time when demand for petrochemicals and most petroleum products was expected to continue to grow at high rates, the projects are now being completed under far different circumstances.

Oil and gas are in abundant supply in most parts of the world and only massive cutbacks in production have prevented more dramatic price declines than have occurred. At the same time, demand for refined products and petrochemicals is just recovering from an unprecedented reduction in world consumption. Depsite the large-scale scrapping or retiring of existing plants, most nations with refining and petrochemical industries remain with large surplus capacity and low levels of operating utilisation.

Saudi officials are convinced that their low cost feedstocks, state-of-the-art technology, and economies-of-scale in their plants, which will be among the largest in the world, will enable them to be highly price competitive. They also point out that projected Saudi Arabian production represents only a small percentage addition to the world's capacity of both refined products and petrochemicals. While this is true, Saudi Arabian export refineries, when they are completed, will be in a position to produce 20 per cent of the internationally traded petroleum products (and with their fellow GCC exporters, nearly 40 per cent).

Sensible

The Saudi Government has long argued that it is more sensible to manufacture petrochemicals at the source of low-cost basic feedstocks in Saudi Arabia than to produce such products in a country like Japan which must import its feedstocks. Japan is the Kingdom's most important trading partner and has recently heartened the Saudi Government with the announcement that it will reduce its petrochemical production capacity by 36 per cent by 1985.

However, capacity cutbacks in Japan are being made up by new plant construction in other areas. Singapore, for example, is just bringing on stream a petrochemical facility which represents the single largest investment in the nation's history. The plant which will produce ethylene derivatives, is a joint partnership between the Singapore Government, Singapore private interests, the Japanese Government (through the Overseas Economic Co-operation Fund) and a consortium of Japanese companies headed by Sumitomo Chemical Company. The Singapore project is expected to lose money for the first two years and perhaps more, but the Singapore Government is committed to support it despite the cost. Clearly, it is this level of competition involving sovereign economic clout which will be the most difficult to overcome in the future.

Saudi Arabia's immediate economic problems should not distract attention from the basic economic strength of the Kingdom.

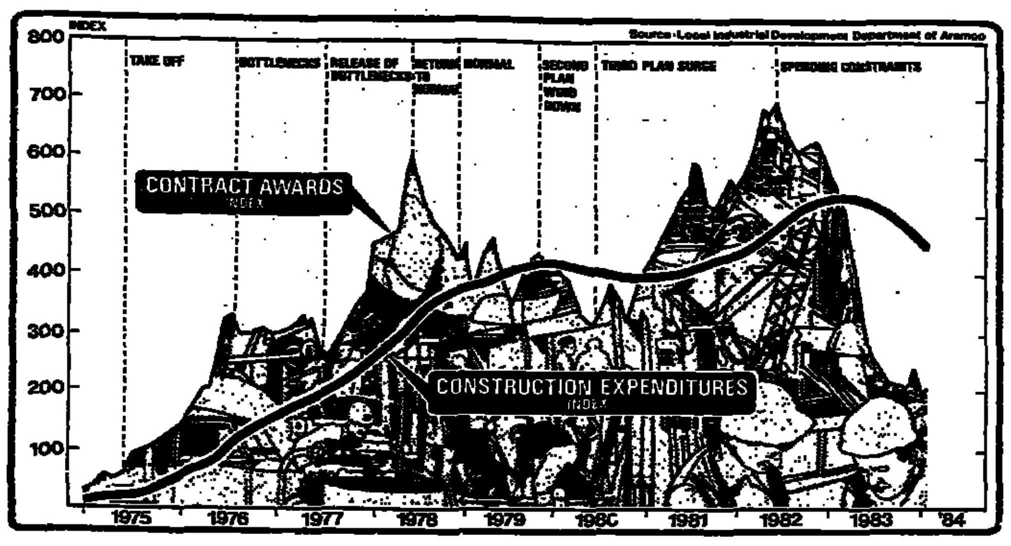
The Kingdom possesses approximately one-quarter of the world's known supply of oil for which the extract costs are among the lowest in the world. It has in place an extensive extraction, processing and shipping infrastructure capable of producing and exporting over 12m barrels of oil a day. In addition, the Kingdom has immense foreign exchange holdings that exceed those of any other nation, a stable and well-established government, and a demonstrated social and political capacity to adapt to poverty when necessary and affluence when it comes.

The underlying strength of the Saudi economy and the Government's capacity to adapt to changing circumstances was amply demonstrated in the recent budget speech of King Fahd.

Reviewing the past fiscal year, the King pointed out that the economy was in good shape, although the GNP had declined and the Government had drawn down its reserves by $10bn to make up the gap between expenditures of $63bn and income of $53bn.

In this year the Government was budgeting for $75bn of expenditures, anticipating $63bn of revenues almost exclusively from oil, and drawing down reserves by another $12bn. No other nation in the world can look at a rundown of $22bn so casually; and few have the financial ability to do so or the political ability to survive such a move if they did.

Tom McHale



The slowdown in contracting

THE CONTRACTS awards index is based on 13 month moving averages. This method is used to smooth out monthly fluctuations to some degree and make the index show medium term movements in contracts awards.

The index incorporates the value of all published contracts signed by the Saudi Government, Aramco and the private sector.

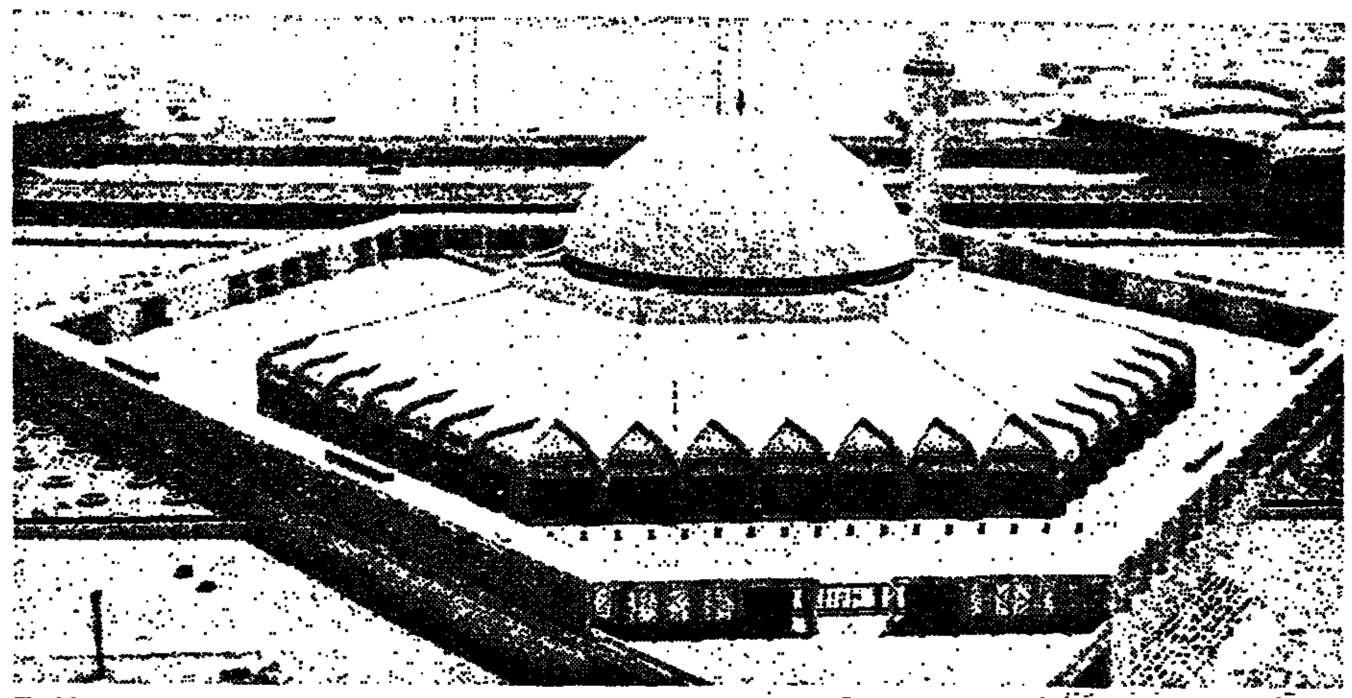
Like all indices it has certain built-in biases:

1—It is biased towards coverage of very large contracts, because small contracts, being less newsworthy, are not so regularly published.

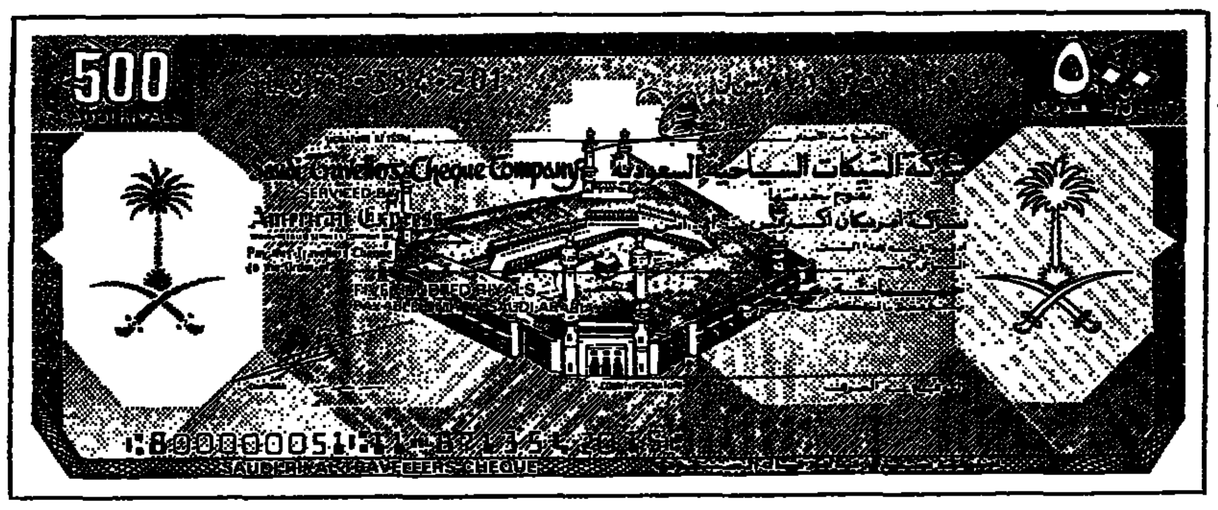
2—It is biased towards government contracts—Aramco and the private sector do not systematically announce their awards. (Aramco accounted for 15 per cent of the value of contracts monitored in 1977 and 3 per cent in 1982.)

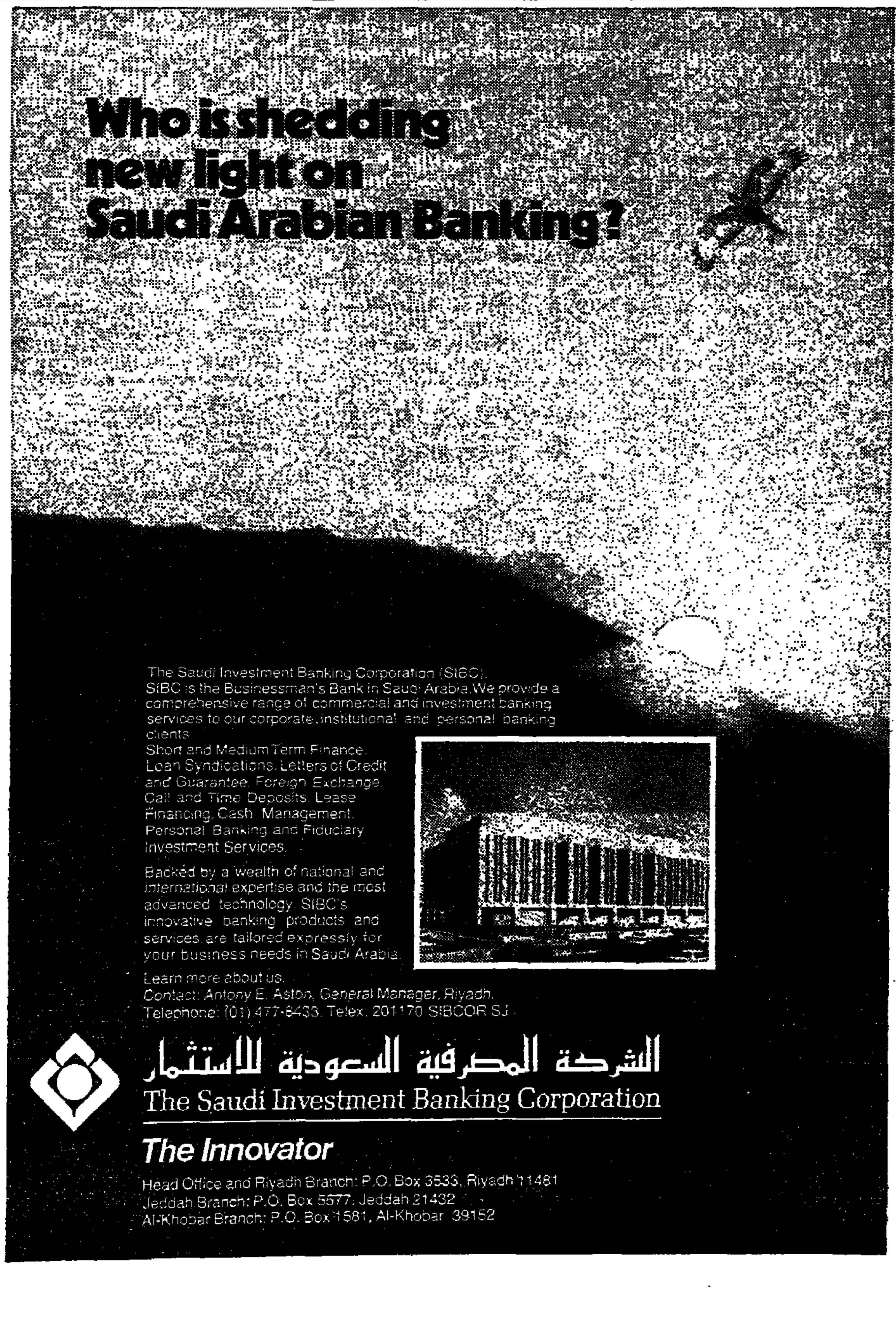
3—The percentage of contract awards covered is declining. The Government has been making a concerted effort to break down large projects to a contract size range which can be handled by Saudi contractors, and these smaller contracts are less likely to be reported.

Nonetheless, there can be little doubt that the chart above presents a broadly accurate picture.



The Mosque at King Khaled Airport. The airport, opened last year, was the latest billion dollar civil project to be completed in Saudi Arabia





Richard Johns examines the Saudi role of swing producer

Oil output rate defended

OVER the past year Saudi Arabia has remained true to one of its rooted principles: its refusal to allow other members of the Organisation of Petroleum Exporting Countries to have any say over the level of its oil production. At nearly 5.5m barrels a day its average output from April to December last year was significantly higher than the 5m b/d which other members accorded to it under the system of quotas adopted in March 1983.

In practice—a fact which is often ignored — Saudi Arabia has never subscribed to that aspect of the pact drawn up to defend the $29 per barrel reference price set following the $5 reduction. It has, in effect, performed the role of "swing producer" and as such has been the biggest single contributor to Opec output over and above the 17.5m b/d ceiling.

As the surge in Saudi output and the activity of its newly created marketing arm Norbec became fully apparent last year, there was speculation that the Kingdom was trying to force a further reduction. That would have been in line with its intense preoccupation with ensuring that producers and, in particular, Saudi Arabia with its conservatively estimated reserves of 165.5bn barrels (nearly a quarter of the estimated world total) do not undermine the long-term market for oil.

Iraqi comparison

When last November Opec's market monitoring committee called upon Saudi Arabia to account for its high rate of output the somewhat unsatisfactory response from Riyadh was that the Kingdom could not perform its role as "swing producer" if other members did not observe their quotas and price commitments.

In addition, the Saudi telex pointed to the oil being produced on behalf of Iraq—some 200,000 b/d since last spring—to compensate for the constraints on its exports because of the Gulf war—and crude produced for storage rather than immediate sale so that seasonal demand for natural gas could be met.

Apart from that reference to gas requirements, little light has been thrown officially on the reasons for placing over 50m barrels of oil in chartered tankers, an operation which began last November. At the outset of it, the word was put out that the oil was being placed in the vessels because of the temporary shutdown of two oil fields, Zuluf and Marjan, while they were being tied into the Master Gas System (MGS) (which is in the second phase of its expansion).

Obliquely and not very convincingly Riyadh has sought to give the impression that the floating stockpile is not related to the possibility of a supply crisis resulting from the Gulf conflict. The market has little doubt that it has been built up to guard against the closure of the Strait of Hormuz. In the meantime, having run at nearly 6m b/d in the second half of 1983 Saudi output of crude declined to less than 4.5m b/d in the first quarter of this year.

While insisting on its role as Opec's "swing producer," Saudi Arabia also justified its high rate of output to other members by insisting that it was needed to produce the minimal amount of associated gas required to fuel its power stations and desalination plants, on the one hand, and hydrocarbon-based industries, on the other.

As it happens, the Eastern Province did suffer a serious failure of electricity supplies in July, a month of peak consumption, of last year. The evidence is, however, that it was caused by a technical breakdown. The installation of twin and triple fuel capacity for power generation and desalination has gone far in the Kingdom. Moreover, there were no difficulties earlier in the year when output was down to little more than 3m b/d.

The actual volume of gas produced depends on the "mix" of Saudi crudes with the lighter varrieties yielding far more. Whatever the obfuscations over output recently, the general understanding was that a rate of no more than 5m b/d would be sufficient even when all the big gas-consuming industries come on stream in 1985-86 with the proviso that there could be a shortfall of methane.

That and also the possibility of a complete disruption of oil production prompted three years ago the serious search for unassociated gas in the deep Permian Khuff zone located in the oil-bearing zones of the giant Ghawar field.

Exploration and development have progressed well. Most of the wells are expected to be completed by the end of the summer and the drilling programme should be completed by 1985 giving a capacity of 1 bn cubic feet per day of non-associated gas. According to some authoritative reports, when conversion of utilities and industrial plants to other firing systems is complete, the volume in 1986 should be sufficient to provide for the Kingdom's gas needs even if there was no oil production.

Second phase

The second phase of the MGS was completed in 1982 at a cost of $10 bn with a capacity to process gas associated with output of 7.4m b/d from the Ghawar, Abqaiq, Berri, Damman, and Harmaliyah fields producing rather more than 3bn cfpd of sour gas.

From this the system can produce 375m cfpd of ethane as feedstock for petrochemical projects; 2bn cfpd of methane for the fertiliser and methanol plants as well as fuel for basic industries, power generation and water desalination; 350,000 b/d of natural gas liquids (NGL); and 3,700 tonnes per day of sulphur. It has consolidated Saudi Arabia's position as the world's leading exporter of Liquid Petroleum Gas.

Work is continuing on the second phase, MGS II, which involves tying in northern offshore fields and is scheduled for completion next year. Rather than raising overall capacity MGS II is designed primarily to give greater flexibility of supply rather than raise overall capacity of the network centred on the processing plants at Uthmaniyah and Shedgum.

The other vital development in the oil and gas sectors is the commencement of Saudi Arabia's exports of refined products over the next few years as three joint ventures between Petrolin, the state oil corporation, and foreign partners start operations.

First off the mark will be the 250,000 b/d Petrolin-Mobil refinery at Yanbu, which is scheduled to come on stream in August. The 250,000 b/d Petromin-Shell facility at Jubail is set to be commissioned in December. The 325,000 b/d plant being constructed at Rabigh on the Red Sea in partnership with the Greek concern Petrola should be complete by July 1985. The three projects will more or less triple the Kingdom's export capacity.

Currently capacity is concentrated in Aramco's export-orientated refinery which last year operated at 97.5 per cent of its 450,000 b/d capacity. It is undergoing a modernisation at the cost of $85m.

Petromin is well advanced in evolving its strategy for marketing its 50 per cent share of the output. It is evidently planning contracts related to open market prices quoted daily in Platt's Oilgram.

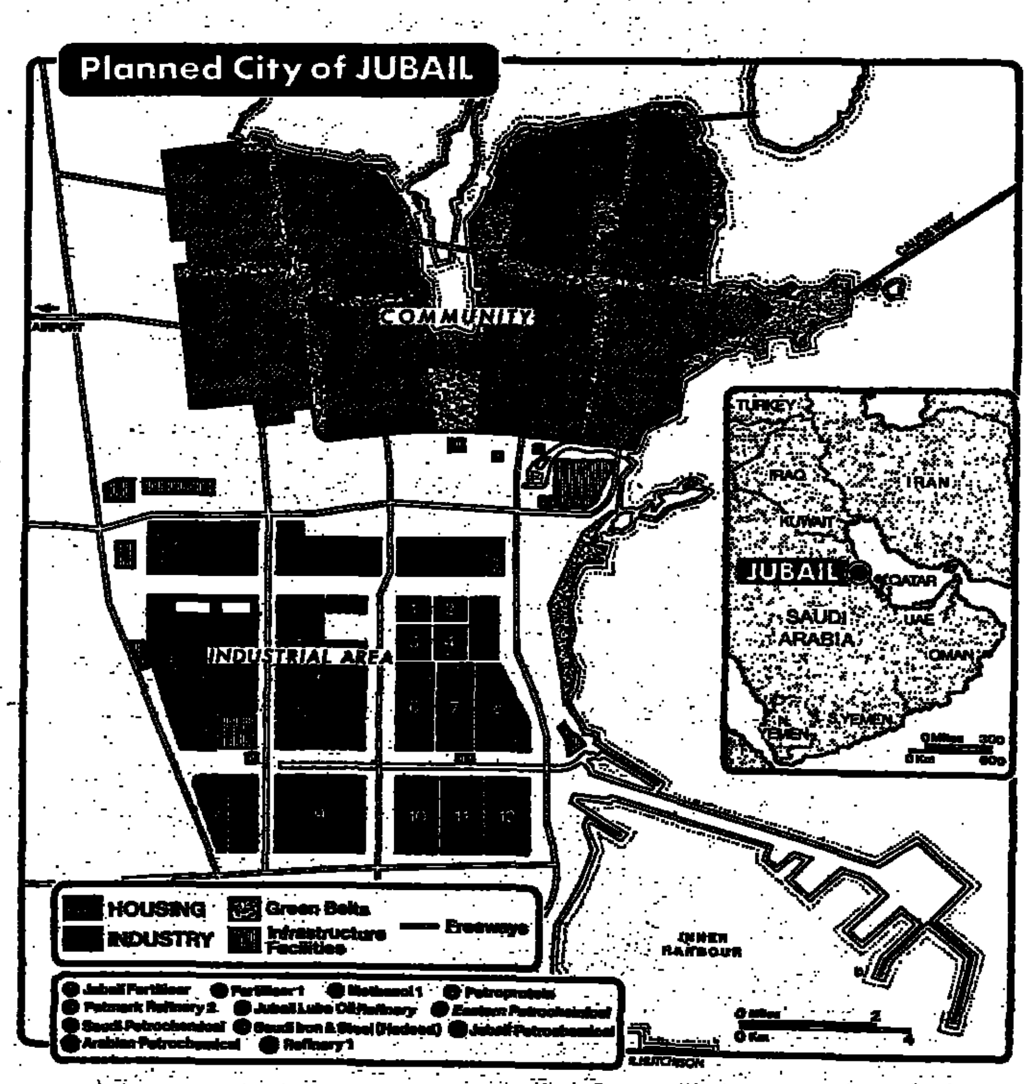
The state oil corporation experimented with a system whereby under one form of agreement, with phase-out options, prices would be based on "government established" rates but the preference of prospective customers proved to be overwhelming in favour of a market-orientated approach.

A hundred or so companies are reported to have shown interest. The foreign partners it seems, will lift their share on the same basis and also will profit on their half share on the return on the investment which, on a discounted cash flow basis, should be over 15 per cent.

Recently Sheikh Ahmed Zaki Yamani, Minister of Oil, indicated that the Government was planning to reorganise the oil and gas industry by the creation of a state corporation covering all aspects of it on the model of the Kuwait Petroleum Corporation. And having abandoned about 10 years ago its ambition (first announced in 1972) to move into refining and marketing abroad Saudi Arabia has now regained it. But it has as yet made no discernible move to acquire assets overseas.

Carla Rapoport reports on industrial development in a new town

Jubail, the home of new industries



"TEN OR EVEN five years ago, talk of industrialisation in the Kingdom of Saudi Arabia was passionate talk, out of science fiction," Dr Mahsoun Bahajt Jalal, a prominent Saudi economist and director of both Sabic and Saudi International Bank, said.

Today, however, the seeds of industrialisation have been planted and Dr Jalal is among those nurturing their growth.

The most visible signs of industrial development are springing up in Jubail, a new town just an hour's drive up the Gulf from Damman.

Here, next to Sabic's new petrochemical plants, new communities with housing and parks and beaches are being built to attract workers and businesses to the area. The aim is to have a new local industry turning Sabic's petrochemicals into industrial and domestic goods and a new city of some 350,000 people by 2000.

So far, Saudi businessmen are moving slowly on committing themselves to Jubail, waiting for the actual start-up for most of the plants scheduled for next year. But a major boost to those considering the expansion of their businesses arrived earlier this year in the form of the National Industrialisation Company (NIC).

The NIC, with an initial equity base of SR 600m, will promote joint ventures between local businesses and overseas partners to boost the local manufacture of a wide variety of goods, including motor vehicles, drugs, capital goods and industrial and domestic plastics. It aims to attract capital investments worth $2bn over the next 15 years.

The chairman of NIC is Dr Jalal, who recently announced that the equity capital for the group had been almost entirely subscribed by Saudi businessmen and banks.

In the meantime, Sheikh Hamed Al-Zamil, president of Zamil Brothers, a major privately-held Saudi company, said in a recent interview that his company is considering six or seven projects for the Jubail site, some with joint venture partners, some without. Two are already under way, he said, and will aim to supply the electrics sector.

"We don't want to make everything from pens to rockets," said Sheikh Al-Zamil. "We should make things of good quality here and buy them for their quality, not just because they are made in Saudi Arabia. We have to compete with imports."

Fertile ground

Mr Saleh Toaimi, an investor in NIC and head of Riyadh's Chamber of Commerce, says that there is fertile ground for this kind of development in Saudi Arabia as the chamber's membership has grown fivefold in the past five years, to 30,000 members.

He says that the NIC is already talking to Mitsubishi of Japan about the local production of Japanese trucks. It has also helped to establish a pharmaceutical company with an initial capital of SR 300m to produce off-patent drugs.

Mr Abdullah A. Abdulkader, general manager of the new pharmaceutical company, points out that Saudi Arabia imports about $350m a year in drugs. "The waste and misuse is staggering because health care here is free," he says.

The company will be building a plant in Gassim in the central province to make a variety of generic drugs, but it is also thinking of building plants to make medical equipment and glassware.

He holds up a small glass phial of saline solution. "This comes from Germany, we spend 1 riyal on the water and salt in the glass and 85 riyal on the glass! I'd rather see this kind of profit come to our businessmen," says Mr Abdulkader. Like many others in NIC and Sabic, Mr Abdulkader was educated in the U.S. and holds degrees in business administration.

"This project has been sitting around for three years, but it was being administered by doctors. Doctors are not the best administrators, he says.

Another challenge facing the nation's new industrialists is their penchant for working alone. "I dislike the way we do business, everyone as an individual," says Sheikh al-Zamil. "We should co-operate and make big companies. There are around 200,000 small companies in Saudi Arabia. Why can't a number get together and become General Motors?

"We will, we are thinking of it. At our company we're working on this. I'm advising the others to do the same so we can be big. Small is beautiful will come to Saudi Arabia, but not for a while," he says.

These efforts are likely to be encouraged by the Kingdom's Fourth Development Plan. Under the proposed plan, there will be a number of initiatives aimed at the private sector, which includes allowing the private sector to operate, manage and maintain many of the utilities operated by the Government, establishing commercial courts, notary public offices and a structured system for the exchange of company shares.

According to ministers in Riyadh, local banks are already organising companies to deal with company registration and the issuing of shares. At present, only about 40 companies have publicly traded shares in Saudi Arabia, but this figure is expected to go up rapidly as industrialisation takes hold.

Saudi Methanol Company's plant, one of the many projects scheduled to come on stream next year. It is jointly owned by Sabic and a Japanese consortium headed by Mitsubishi

All eyes on the petrochemicals launch

SAUDI ARABIA will be facing some of the world's toughest business challenges from day one of its entry into the ranks of the world's leading petrochemical producers.

The projects listed in the table should all be onstream by the end of next year. They aim to turn Saudi Arabia's natural gas, previously flared as a waste-product, into a wide range of chemicals and plastics, equivalent to around 5 to 7 per cent of the world's demand for petrochemicals.

For the world's chemical industry, the arrival of a new competitor could not have come at a worse time. In Europe, in particular, over-capacity is still putting pressure on profits and prices. Even in the U.S., where feedstocks are cheaper and overcapacity less of a problem, major petrochemical producers are still not producing a satisfactory return on capital.

The result of the industry's weakness has been talk of protectionist tariffs both in the EEC and the U.S. The resolution of these talks will be clearer over the next few months, but already the Saudi Basic Industries Corporation, Sabic, the government-controlled agency which is developing the petrochemical projects, is readying a spirited defence.

Sheikh Abdulaziz Al-Zamil, chairman of Sabic and Saudi Arabia's Minister for Industry, says: "When a new plant goes up in Houston or England, everyone celebrates. These plants are on-time and are creating a threat to the world. We are importing their cars, their machines, the only thing we have here to develop are industries based on gas.

"In order (for us) to continue importing these things, they should buy our products."

Sheikh Abdulaziz Al-Zamil has even argued that Saudi Arabia should not have to pay a 12 to 14 per cent tariff on its imports to Europe, as the Kingdom is a developing country. However, even those countries and companies committed to fighting protectionism have balked at the idea of reducing tariffs.

Preference plea

None the less, Saudi Arabia has recently applied for duty free access to the EEC under the community's Generalised Scheme of Preferences (GSP) which imposes quotas for imports of specialised materials from developing countries. This would mean that Saudi exports would enter free of duty, but only up to the relevant quota or ceiling.

If this application is accepted, the volume of duty-free imports into the EEC is expected to be quite small. According to Chemical Insight, the London-based chemical newsletter, duty-free imports of linear low density polyethylene would amount to little more than 1 per cent of total Saudi output.

In the U.S., the debate over tariffs on Saudi imports is beginning to hot up. U.S. congressmen from petroleum producing states are saying that the free market in this case isn't necessarily the fair market.

"The issue here is subsidies, not protectionism," says representative Gillis Long, a Louisianna Democrat.

"The subsidies we are dealing with couldn't be more obvious. Some foreign countries are essentially giving away the oil and gas that are used to produce petrochemicals."

These subsidies refer to the rock-bottom price of 50 cents per million BTU which the Saudi Government is charging the new petrochemical producers for their feedstock. This price compares with a West European average of \$4.50 to \$5 per million BTU and with a U.S. average of \$3.30 to \$3.50.

So far, the U.S. industry spokesmen have been less aggressive than the politicians. Mr James O'Connor, an executive at the Chemicals Manufacturers Association, said that U.S. firms don't support the concept of calling feedstock a subsidy because it is technically a natural resource of the country pumping it.

But even if Saudi Arabia does gain unhindered entry to the major world markets, the kingdom's new producers have still to prove themselves in marketing it. The country expects to produce around \$3bn to \$3.5bn worth of chemical products when the plants are fully onstream—a sum which merits a mighty marketing effort if it is to provide profitable returns to both Sabic and its joint venture projects.

Sabic has repeatedly stated that it will sell its products at world prices and not attempt to undercut the market in order to gain access. But prices for a number of products, like methanol, for example, are still at unacceptably low levels even for low-cost producers.

This situation has led a number of leaders within the industry to predict that Sabic's joint venture partners will be losing money on their investment, despite the low feedstock prices. It seems increasingly clear that the burden of marketing as much as 80 per cent of the new plants' output will fall to the joint venture partners, as opposed to the 50:50 split envisaged originally.

Cushioning the joint venture partners, however, will be the fairly easy terms upon which they agreed to participate. The Sabic projects are being financed with a 70/30 debt to equity ratio, with only 10 per cent of the total being raised by conventional bank loans. The remaining debt is provided through Saudi loans, with no interest required from the joint venture partners for five years after the plant starts. Even then, the interest payable will range between 3 to 6 per cent, depending on the profitability of the plants.

Domestic demand

The joint venture partners have also received crude oil purchase entitlements, but these will only become available if the price of Saudi crude rises above \$29 per barrel again.

For Sabic's part, the domestic demand for plastics is expected to double by the end of the decade, pushing up the demand for polyvinyl chloride (PVC), for example, from 100,000 tonnes in 1983 to nearly 190,000 tonnes in 1990. This domestic market is now supplied by imports from Western Europe, Japan and North America.

Companies who fear the effects of losing their markets to new competition are being encouraged to propose downstream joint-venture projects with privately-owned Saudi companies. Both Imperial Chemical Industries and Dow Chemical have announced small downstream projects. In ICI's case, the group has gone into a joint venture with a local company to build a \$7m 8,000 tonnes a year polyurethane plant in Damman.

The Saudis are less interested in joint-venture deals which do not involve capital investment in the country. A number of the large petrochemical companies which are not involved in the Sabic projects are anxious to help Sabic market their products, but the successful completion of these negotiations, it is understood, will require fairly substanial capital investment in Saudi Arabia.

Carla Rapoport

SABIC PETROCHEMICAL, MINERAL AND FERTILISER PROJECTS

Project	Marketing Name	Shareholders	Location	Contractor	Estimated Cost	Completion Date	Per cent Completed 12/31/83	Feedstock	Products	Capacity/year (tonnes)
Saudi Petrochemical	SADAF	Sabic 50% Pecten (owned by Shell Oil) 50%	Jubail	Fluor Engineering by Braun, Badger and Dravo	\$3bn	Late 1985	78%	Ethane Salt Benzene	Ethylene Ethylene Dichloride Styrene Crude Ind. Ethanol Caustic Soda	656,000 454,000 295,000 281,000 377,000
Saudi Yanbu Petrochemical Company	YANPET	Sabic 50% Mobil 50%	Yanbu	Bechtel	\$2.5bn	Early 1985	78%	Ethane	Ethylene Linear Low Density Polyethylene High Density Polyethylene Ethylene Glycol	455,000 205,000 90,000 220,000
Jubail Petrochemical Company	KEMYA	Sabic 50% Mobil 50%	Jubail	Fluor	\$1.1bn	Early 1985	85%	Ethylene	Linear Low Density Polyethylene	260,000
Saudi Methanol Company	AR-RAZI	Sabic 50% Japanese Consortium led by Mitsubishi 50%	Jubail	Mitsubishi Heavy Industries	\$500m	Onstream 3/83	100%	Methane	Chemical Grade Methanol	600,000
National Methanol Company	IBN-SINA	Sabic 50% Celanese and Texas Eastern 50%	Jubail	C. F. Braun	\$500m	Late 1985	86%	Methane	Chemical Grade Methanol	650,000
Arabian Petrochemical Company	Petrokemya	Sabic 100%	Jubail	Chiyoda	\$1.5bn	1985	14%	Ethane	Ethylene	500,000
Eastern Petrochemical Company	SHARQ	Sabic 50% Japanese Consortium led by Mitsubishi	Jubail	Chiyoda	\$1.5bn	Mid-1985	27%	Ethylene	Linear Low Density Polyethylene Ethylene Glycol	130,000 300,000
National Ind. Gases Company	GAS	Saudi Private Sector	Jubail	N.A.	N.A.	1985	45%	Air	Oxygen Nitrogen	1,200,000/day 400,000/day
Jubail Fertilizer Company	SAMAD	Sabic 50% Taiwan Fertiliser 50%	Jubail	Kellogg and REDEC-Daelim	\$350m	Onstream in early 1984	100%	Methane	Urea	500,000
Saudi Arabian Fertiliser Company	SAFCO	Saudi Private Sector 60% Saudi 40%	Daman	Built in 1960s	N.A.	1970—expansion in 1980	—	Methane	Urea Sulphuric Acid Melamine	330,000 100,000 20,000
Saudi Iron and Steel Company	HADEED	Sabic 90% Korf-Stahl 5% West German Government 5%	Jubail	Lurgi, Vorst. Alpine, Demag	\$850m	Onstream early 1983	100%	Iron Ore Limestone Natural gas Scrap Iron	Rods and Bars	800,000
Jeddah Steel Rolling Mill Company	SULB	Sabic 60% Korf-Handel 40%	Jeddah	Built in 1960s	N.A.	Expanded in 1981	100%	Steel billets	Rods and Bars	140,000

AIR-CONDITIONING EQUIPMENT

World's third biggest market

SAUDI ARABIA is the world's third biggest market for unit air-conditioners—the type of machine that is fitted into the wall of a building rather than being part of a central system.

In 1980-82 the Kingdom was installing just under 900,000 air conditioners a year. Now the market has fallen to rather over 500,000 units and may drop a bit below this figure before it levels off at the end of this year. Even at the lower level the country will still rank only after the United States and Japan as an air-conditioner market.

About half the present level of demand is met by three Saudi companies: Al-Zamil Refrigeration Industries (ARI), which is wholly owned by the Zamil family and produces Friedrich units, the National Factory for Airconditioners owned by the Al-Eassa family, which produces Gibson units, and the Saudi Airconditioning Manufacturing Company, a 70-30 Juffali-York (Borg-Warner) venture in Jeddah.

There are plans for a fourth company, to be owned by the Dahlawi family and the Japanese company, Daiken.

Much the biggest of the existing companies is ARI, which produces 500 room units and 35 central systems a day, in a factory on the Dammam industrial estate. It is the only one of the companies to have gone into central systems. The Al Eassa and Juffali plants are each making about 200 units a day.

Dominant

ARI's domination of the market has come about mainly through its being the longest-established of the three companies. Its plant began producing in the 1970s, and for several years had the advantage of being the only local manufacturer in an extremely strong market. The Juffali-York factory only started proper production (as opposed to assembly) in June last year.

The Zamil plant has its own extensive development and testing facilities and turns out a unit geared to a higher temperature, more dust and more saline humidity than is normally experienced in the U.S.

It also has the advantage of being managed by a family which has dedicated itself to developing successful industries. Together with the Juffalis, Suliman Olayman, Omar Aggad and, on a smaller scale, the younger Alirezas in Xenel Industries, the Zamils are the most active investors in sophisticated private sector industrial projects. Unlike almost all other investors they are involved only in industry. They do not have importing or contracting operations to distract them, or help fund their projects.

Integrated

ARI has become highly integrated. Because the Zamils, unlike the Juffalis, had not imported and sold air-conditoners before they began manufacturing they had to establish their own marketing operation from scratch. This was a common cause of problems for other industrialists in the same position in the late 1970s. Investors frequently put huge effort into developing the technical aspects of manufacturing and imagined that marketing operations, which cannot be assisted by Saudi Industrial Development Fund loans, would look after themselves.

Upstream, ARI's integration has gone further than is normal in air-conditioner factories in America and Japan. This is partly a matter of force majure—industrialists in Saudi Arabia cannot draw on the range of support services and products that are available locally in Western countries. In other ways the Zamil brothers say they have integrated only to save costs.

As it stands now, ARI is one of the most integrated of all Saudi industrial companies, and gives a good indication of which types of processes are economic and which uneconomic to perform in Saudi Arabia.

The company makes its heat exchangers from imported copper pipe and aluminium fin. It produces steel casings from imported plate, and a sister company, Zamil Plastics, makes the fronts and some other plastic parts. It makes its own packagings from local supplies.

Soon the company will begin using steel coil to make its casings, as the smaller, less integrated Juffali plant does already. It also intends to produce its own copper tubing from imported bars, and it is working on substituting more locally-produced plastic parts for imported metal items. A plastic fan, to be made by Zamil Plastics, has been designed to replace the same imported aluminium part.

These plans will leave as the main imported parts compressors, motors and switches, all of which are high-value items which are unlikely to be economic to produce in the Kingdom in the forseeable future.

Although its own integration may soon stop, ARI may draw more of the minor parts it buys from suppliers inside the Kingdom.

Zamil Plastics at present imports the high and low-density polyethylene and other plastics it uses, or buys them from the import operation that the Saudi Basic Industries Corporation has established to give it experience of the market. In future it is expected that the plastics will be bought from SABIC polyethylene plants or intermediate plastics plants in Jubail. Then the manufacturing chain from ethane gas to finished plastic product will be complete in Saudi Arabia.

It is also possible that the aluminium fin used in the heat exchangers will one day be bought locally. The Gulf Organisation for Industrial Consulting is studying the possibility of establishing a fin plant to take aluminium from the Gulf Aluminium Rolling Mill Company, which is building a factory in Bahrain. This itself is to be supplied by ingots from the Aluminium Bahrain (Alba) smelter.

In all, Zamil Refridgeration calculates that at present its own operations add 45-50 per cent of the value of the air-conditions it sells. Goods produced in the region—including those bought from Zamil Plastics—add another 10 per cent.

The company's plans for further integration and the regional industrial projects from which it may draw supplies in future will have a fairly marginal impact on these figures.

Private sector industries

TWO CASE studies below and right by Michael Field highlight successful industries developed by the Saudi private sector. Most private Saudi industrial plants built so far produce simple items such as building materials and carbonated beverages.

The two industries here are exceptional in that they produce high value, sophisticated items and have achieved a high degree of integration in their manufacturing processes.

They have also brought the Kingdom to self-sufficiency or near self-sufficiency, in the products they make.

PRE-ENGINEERED STEEL BUILDINGS

Battle for new orders

ALL OF THE pre-engineered steel buildings put up in Saudi Arabia are now produced in the Arabian Peninsula.

The market, amounting at present to about 10,000 tonnes a month, is divided between Zamil Steel, wholly owned by the Zamil family in Damman, with about half of the region's production; Kirby Industries, owned by the Alghanims of Kuwait, with a bit under 40 per cent of production, and Saudi Building Systems, a 70-30 Juffali-Butler company in Jeddah, with a share of just over 10 per cent.

Each of these companies is now working well below capacity. SBS is at about 67 per cent, and the other two at about 40-50 per cent of the capacity they had during the boom period of 1982. The companies as SBS puts it, that the boom continued so long into 1983.

They put it down to their being some way donwstream from the big government contracts—much of the work they do is for sub-contractors—and to the private sector market holding up much better than expected.

Competition is now so intense that Zamil Steel says it wonders whether it is worth bidding for some contracts. Its competitors are bidding low to gain volume so that their operations as a whole can benefit from economies of scale.

Certainly there is no chance that anyone could import a pre-engineered steel building and make a profit.

Success

In the balance of payments sense the three companies have given Arabia one of its industrial successes. They are gradually drawing more of their parts from other local manufacturers.

SBS takes all its paint and fibreglass insulation from Saudi and Kuwaiti producers and it is hoping that in the meduim term it will be able to buy smooth steel bar locally. It is working with other manufacturers on the development of door and window systems.

In the present tough market the company that is thought to be being squeezed hardest is Kirby, which was established in Kuwait in 1977. The company has suffered from frequent changes in its management and high overheads—it has maintained lavish, highly staffed regional offices throughout the Middle East. In these circumstances it was a misake for it to lead prices down, because it has hurt itself more than its competitors.

Further problems for Kirby have come from the company's main Saudi dealer and constructor leaving it.

In the next year it may also be damaged by the more rigorous enforcement of the Government's Saudisation legislation. Parts of this require that local companies be given government contracts, even if their bids are 15 per cent above foreigners' bids, and that all contractors draw on local suppliers for at least 30 per cent of the value of their contracts.

There is some question as to whether Kirby will be treated as a local or foreign company in the application of this legislation.

The other two companies are reasonably optimistic about their prospects.

Zamil Steel, which began as a joint venture with the U.S. company, Soulé, in 1978 and became a wholly Saudi company in 1980, has invested much money and effort in gearing itself specifically to Saudi requirements.

physicists at Hull University.

It has spent some $2m on Arabianising its original American building. In 1981 it switched all its measurements to the metric system, which SBS has not yet done. It has put an unusually large number of technical people in its provincial offices, while cutting the numbers of draughtsmen and engineers in Dammam by using computers.

In the last 12 months it has opened a factory in Dammam for structural steel, which it hopes will be its flagship in three or four years time.

Saudi Building Systems acknowledges that it is much smaller than its competitors and missed opportunities through arriving late in the market, in 1981. While Zamil and Kirby had the advantage of being able to install a large capacity and use it all from the beginning, SBS has had to start small and try to finance its expansion from profits.

It has also had the burden of running its own construction operation—Butler originally arrived in the Kingdom as a contractor—though this has recently been run down. The company is beginning to work through six Saudi contractors who will use its products exclusively.

New SBS feels that it is "lean and mean and ready to go for expansion." It is hiring staff, increasing inventories and expanding its capacity from 1,000 tonnes to 1,500 tonnes a month.

It is hoping this year to expand its market share to 18 per cent and it is Kirby, not Zamil, that it has in its sights.

Michael Field

Government's third five-year plan provides for 36 new hospitals and 1,125 health centres

Hospital building plan proceeds strongly

THE PROGNOSIS for the health care industry in Saudi Arabia is excellent. Budgetary restraints have rendered certain sectors somewhat anaemic, but the government's determination to meet the demand for medical care augers well for expansion.

The medical field in Saudi Arabia can be divided into four areas — construction, operation and maintenance of the hospitals already built, equipment and drug sales, and education, which specifically means medical schools.

In the construction field, the Kingdom has embarked on a building programme that will boost capacity from 117 hospitals, with 23,500 beds in 1982 to 190 hospitals with 36,500 beds by 1985.

The Ministry of Health construction programme for the third five-year plan will provide 36 new hospitals with 7,500 beds and in addition to the hospitals, 1,125 dispensaries and health centres are planned by 1985. The kingdom has a bed to patient ratio of seven beds per 1,000 but intends to raise the standard by 1990 to nine beds per 1,000.

The Ministry of Health, under Dr Ghazi al-Ghosaibi, is not the only government organisation building hospitals. The Ministry of Defence and Aviation also provides services through 13 hospitals with a capacity of more than 2,000 beds.

The Saudi Arabian National Guard (Sang), also provides health care, particularly to soldiers and their relatives. Sang operates 500-bed hospitals in Riyadh and Jeddah, but is experiencing some financing problems in its plan to build more hospitals.

Strategy

The Government Organisation for Social Insurance (Gosi), the Ministry of Labour and Social Affairs, and the public security organisation of the Ministry of the Interior, are involved in co-operative hospital projects.

Although the hospitals of these different ministries are not integrated into a single network they do fit into the Government's basic plan to provide increasing medical care up to and including speciality care. This plan envisages a series of feeder hospitals leading to specialised units in the larger cities.

The Government is currently finishing its group of large specialised hospitals. The newest of these, the King Khaled Eye Specialist Hospital in Riyadh, has superb facilities but suffers from under utilisation. Hospitals such as these will continue to be built to fulfil Dr al-Ghosaibi's pledge that no Saudi will have to leave the Kingdom for medical treatment.

Expansion

Mental health as well as physical health are being treated in the Kingdom's hospitals. For instance, in the summer capital of Taif two 250-bed psychiatric hospitals will be commissioned. One is being built while the other is the result of expansion of a present facility.

Most of the construction activity under the five-year plan is concentrated on smaller 100 and 50 bed hospitals for outlying regions, enabling most Saudis to receive treatment in relative proximity to their homes. The construction of small clinics is also an important element of the push to provide rural medical services.

Even though the Government presence in medicine is large, there is considerable activity in the private market. The Ministry of Health loans 50 per cent of the cost of projects and after completion pays for 15 per cent of the hospital's bed capacity. By 1988 private hospitals should account for 10 per cent of the total bed capacity in Saudi Arabia.

Although most expenditure is on hospital construction, considerable sums are also being spent on operations and maintenance contracts, though some slowing down has recently taken place. Whittaker Corporation's U.S.$14bn contract with Moda was cancelled because it had been renegotiated instead of going out for competitive bidding. Because the renegotiation conflicted with royal decree, the contract was nullified.

Tighter controls on expenditure may mean fewer Western medical personnel will in future be hired. While the Goverment's prestige hospitals depend on Western physicians and nurses, the private sector tends to use Far East and Middle Eastern personnel. The private sector hospitals generaly treat expatriates (who will generally have medical employers). They also treat midle-class Saudis.

The medical groups working in Saudi Arabia come from all over the Western world. Danes are involved in medical work in the southern province at Jizan. Britain is represented by International Hospitals Group (IHG). Germans and other Europeans are also represneted and the U.S. is represented by American Medical Enterprises and Whittaker and other firms.

Sales of equipment and supplies are also large. The six hospitals involved in the Whittaker bid will use approximately $200m worth of supplies during a three-year period.

The Saudis are largescale purchasers of over-the-counter drugs. Pharmeceutical sales are around U.S.$342m to $400m per year, of which one third is to the private sector. The Ministry of Health controls prices and registration of drugs.

Suppliers

There are also plans to set up local drug manufacturing plants. Saudi Pharmaceutical Industries Corporation (Spic), is planning a factory in Qassim. The venture is capitalised at U.S.$85.7m. Several of the larger drug retailers have taken interests in the plant which is designed to supply 50 per cent of the Saudi market for soft drugs.

Doctors say that the Saudis will continue to buy speciality drugs overseas. Spic is aiming for government supply contracts because the Government has a huge requirement for drugs. After all, it operates over 90 per cent of the hospitals in the Kingdom. The Spic plant will begin producing sometime in 1987.

The kingdom's five medical schools produce more than 150 doctors a year. King Saud University Medical School in Riyadh is part of a massive new campus, with its own teaching hospital and classroom buildings. These schools train the country's doctors who will eventually assume greater control of the Kingdom's growing medical industry.

Finn Barre

هكذا من الأصل

Self-sufficiency targets are being reached sooner than expected

Farm policies yield a rich harvest

THIS MONTH, Saudi Arabia's remarkable agriculture development has turned an important corner. If preliminary estimates of this year's wheat crop, now being garnered, are correct, production has almost doubled. The Kingdom has not only become self-sufficient somewhat before its planners originally thought likely, but has also created a modest surplus for export.

The Saudis have also reached the point of exporting eggs (mainly to Kuwait and the United Arab Emirates), and are about halfway to self-sufficiency in milk and chickens.

The success of the Government's policies, involving free gifts of large land plots, extremely soft or interest-free loans from the state-owned Saudi Arabian Agricultural Bank and generous subsidies on equipment, seeds, feed and fertiliser, has taken the Ministry of Agriculture itself by surprise.

This year's estimated wheat production, at 1.3m tonnes, compares with an output of about 740,500 tonnes last year and a meagre 3,000 tonnes as recently as 1975. Egg production leapt by 41 per cent last year to 1.75bn, and the flow of milk from the Kingdom's ultra-modern dairies increased by 15 per cent to 320,096 tonnes.

Output of broiling chickens rose 67 per cent to 137 kg. It could barely keep pace with demand, however—Saudis probably eat more poultry per head these days than anyone else.

Wheat is the showpiece, however, mainly because off the Government's undertaking to buy farmers' output at a guaranteed price of SR 3.50 per kg, more than five times the world price (last year, imported wheat cost SR 0.68 CIF at Saudi ports).

In effect, this assures farmers of a substantial profit for every bushel they grow. Foreign agriculturalists in the Kingdom reckon that Saudi farms are probably the most profitable anywhere in the world.

Average yields of wheat, at around five tonnes per hectare, are comparable with those of the European Community and above levels achieved in North America, while some of the best farms can hope to sell an amazing 7.4 tonnes per hectare. Forage grass growers can achieve similarly impressive targets, and on well-managed dairy farms, annual yields of 6,500 tonnes per cow or more have been known — highly respectable figures in international terms.

Total government spending on agriculture is very difficult to estimate, coming as it does from so many different arms of the bureaucracy. In the 1980-85 Development Plan, SR 5bn was allocated in loans and SR 2.5bn in subsidies, explicitly to farms, in addition to substantial spending on vital water resources, grain storage and flour milling facilities and municipal development in rural areas.

In all, it is estimated that more than US$18bn has been invested in farming by the public and private sectors since 1980. Because of this, Saudi Arabia's farms are now among the world's most intensive and technologically-advanced, using the very latest irrigation, cultivation, storage and animal husbandry techniques.

Diversification

So far at least, domestic cost seems to have been no object. In a recent report, the Ministry of Agriculture and Water reckoned it had saved about SR 3.79bn that would have been spent on imports in the most recent Hijra (Moslem) year.

This economic benefit, however, is only a small part of the story, as the ministry freely admits. Other gains include progress towards diversification of the economy away from oil, and a boost for the Kingdom's enthusiastic private sector—not to mention such social considerations as reversing the drift to the big cities seen in the 1960s and 1970s and making sure that the petrodollars are spread as widely as possible across the population.

Dr Abdul Rahman al-Sheikh, the agriculture and water minister, is also fond of citing the political and strategic advantages which independence from food imports brings, describing farming as "a most expressive means of patriotism."

Expansion in Saudi agriculture is still going on apparently unabated. But now that the key target of self-sufficiency in wheat has been reached several uncertainties have arisen, raising the broader question of whether the Kingdom's farm programme is in danger of becoming a victim of its own success.

One of the main issues is what to do about wheat surpluses. This year's over-production, amounting to about 500,000 tonnes (demand is reckoned to be about 800,000 tonnes, and growing), does not present a great problem, representing a reasonable safety margin against such eventualities as destruction of crops by storms, which are quite frequent around harvest time. If production continues to grow—and it is a virtual certainty that it will, at a considerable rate—the Kingdom, however, will have a large grain mountain on its hands.

The Government, apparently unconcerned, has always said that it will export excess grain although it is not entirely clear whether it intends to ask a market price for its produce or whether it will give it away as aid. Probably, the Kingdom will do both—selling some to fellow-members of the Gulf Co-operation Council (GCC) and granting the rest in aid, possibly through the United Nations Food and Agriculture Organisation.

Nevertheless, it seems doubtful—to say the least—that the Saudis would wish to keep up such a costly method of trading or aiding in the long run.

Another option believed to be under discussion is the creation of a bufferstock or strategic reserve. This raises possible storage problems. The state-owned grain silos and flour mills organisation, which buys wheat on behalf of the Government, has spent more than SR 2.5bn increasing its storage capacity to about 885,000 tonnes, and there are understood to be plans—as yet unapproved—to boost it further to 1.7m tonnes.

Additional capacity will soon be needed just to keep pace with production: the strain on resources last year was apparent to foreign observers, who speak of lorry queues of up to 20km building up at some silos. In any case, a buffer stock is not a long-term answer to the surplus question.

The real issue revolves around the subsidies, and here the Government looks to be in something of a bind. The proportion of farm expenditure represented by current outlays is growing rapidly, reflecting in part the boom in wheat production.

If this year's production estimates are correct, merely buying in the crop will cost an awful lot. Many people in the Kingdom are asking themselves how long such largesse can be justified at a time of general budgetary restraint.

Equally, the authorities may find it quite difficult to reduce their handouts significantly. The farm policy has been so successful that, like Europe's Common Agricultural Policy, it has developed a momentum of its own.

A recent tentative attempt to reduce the guaranteed wheat price from SR 3.5 per kg to SR 2.5 is believed to have been shelved after heavy resistance, not only from the newly-vocal farmers' lobby but also from the religious establishment, which saw any cutback as an intolerable breach of the Government's promise.

As an indication of the financial pressures which are already occurring, the grain silos organisation had to delay some payments to farmers last year, and no sooner had it finished paying for the 1983 crop than this year's started to roll in.

Many observers see a diversification from wheat into barley, like wheat a good dryland crop, and possibly other grains or oilseeds, as a logical next step.

Aside from helping to curb the growth of wheat surpluses, this would have the additional advantage of reducing or eliminating subsidised imports of barley for animal feed, estimated to be about 1m tonnes per year.

Integrated

Another area with growth potential is horticulture. This is already expanding rapidly, and there has been a perceptible shift of emphasis in SAAB loans to this sector. According to figures from the bank, some 58 greenhouse projects are now under construction, yielding a potential 57,717 tonnes of produce. This compares with the 24 existing ventures, and current output of 29,303 tonnes.

None the less, horticulture, unlike the grain industry with its centralised buying policy or dairying with its integrated distribution and processing networks, is dogged by marketing problems. Vegetable distribution is operated on what one foreign farm executive described as "pickup truck marketing" principles, unsuited to turning over large volumes of produce. The development of a major food-processing industry would permit an improvement, but this seems some way off.

A second long-term question mark hangs over all-important water supplies. Broadly speaking, the Kingdom can be divided into two parts as regards its natural water resources: the West and South West which catch some rain, the West in winter and the South West in early spring and late summer respectively—and the arid central and eastern areas.

Farming in the West and South West, although fed effectively by renewable water, enhanced in some places by dams, tends to be fairly small-scale, in part because of the often difficult terrain and a relatively high salt content in the soil.

Saudi Arabia's big intensive farms, from which much of the boom has come, are almost exclusively in the centre of the country, and depend for much of their water on ancient aquifers exploited by wells, often drilled as deep as 1,000 metres.

Some of the centre's resources, of course, are replenished, whether by a steady trickle eastwards of rain collected underground in the West or by a soaking down of what rain does fall locally. The fact is that a considerable amount of water used by the big farms—nobody knows exactly how much—is non-renewable. Thus, although there is apparently no major sign of this yet, there are worries that the Kingdom's water table may eventually fall, causing wells to start running dry.

Against this day, new sources of water have been laid on at great expense, such as 22 desalination complexes—which are mainly directed at urban needs, but indirectly benefit farmers by freeing wells for their use and plants to re-treat urban sewage water, which appears to be the coming thing.

Other efforts to minimise the risks include:

● Selective bans on drilling agricultural wells in certain areas, imposed by the ministry from time to time. The ministry says these have a largely technical function, and are not primarily designed to cut water use.

● It is understood that the next five-year plan, covering 1985-90, will propose that agricultural wells be metered, initially with a view to monitoring water use by individual farms. Officials say that the possibility of making farmers pay for the water they pump cannot be ruled out, although the implications for farming costs would have to be studied first.

● Another proposal, before the Council of Ministers, calls for an increase in heavily-subsidised urban water tariffs, aimed at curbing wasteful consumption. Town-dwellers pay SR 0.50 per cubic metre for water, which costs the Government SR 3 to SR 4 to give them.

The plan is to leave the rate unchanged for consumption of up to 5 cu m per household per day, but thereafter to increase it sharply.

It is hoped that a great deal more light will be shed on the prospects by a comprehensive "water atlas" being finalised for the ministry by a team of U.S. scientists. Officials say they expect this to be available in six months, and at that point it will be possible to revise projections for water supply.

Those officials who have seen the report while unwilling to divulge its contents, seem sanguine about the future. One said: "When I was a child, we were constantly told the oil would last only 30 years. Now I'm over 40 and it's still flowing. Water is the same."

Hostile environment

Two things, at least, are certain about agriculture. First, farming in the Kingdom—for all its free enterprise vigour—would not survive without considerable state support. Second, the Government still stands—for the moment, at any rate—firmly behind its farmers. Nevertheless, there are signs that the Ministry of Agriculture would like, in line with the spirit of the fourth development plan starting next year, to reduce its role eventually and let the private sector do more of the work. How this is to be accomplished is another question.

The Saudis are proud of their farming achievements, brought about in an extremely hostile environment and with surprisingly little initial scientific knowledge.

They are also extremely sensitive to criticisms that their agriculture is a waste of money. A remark to this effect by Mr John Block, the U.S. Agriculture Secretary, last year met with a sharp rebuff from King Fahd, who vowed to "refute allegations that the Kingdom is not an agricultural country."

In the same vein, Dr Al-Sheikh said last November: "to those who believe we are throwing away our money in a vain attempt to cultivate the desert rather than use those funds in other things we say: 'Welcome to our green desert'."

Andrew Gowers

Chicken farming at Riyadh University's faculty of agriculture. The Kingdom is already exporting eggs and is about halfway to self-sufficiency in chickens

FARM PRODUCTION 1982-83

	Number of projects 1982	Number of projects 1983	Production 1982	Production 1983	Self-sufficiency % 1982	Self-sufficiency % 1983
Broiling chickens	212	237	82m kg	137m kg	29.5	43
Eggs	165	172	1.24bn	1.75bn	88	98
Milk	22	28	277,122 tonnes	320,096 tonnes	46.6	41
Wheat	48	101	250,000 *tonnes	740,478 tonnes	31*	93

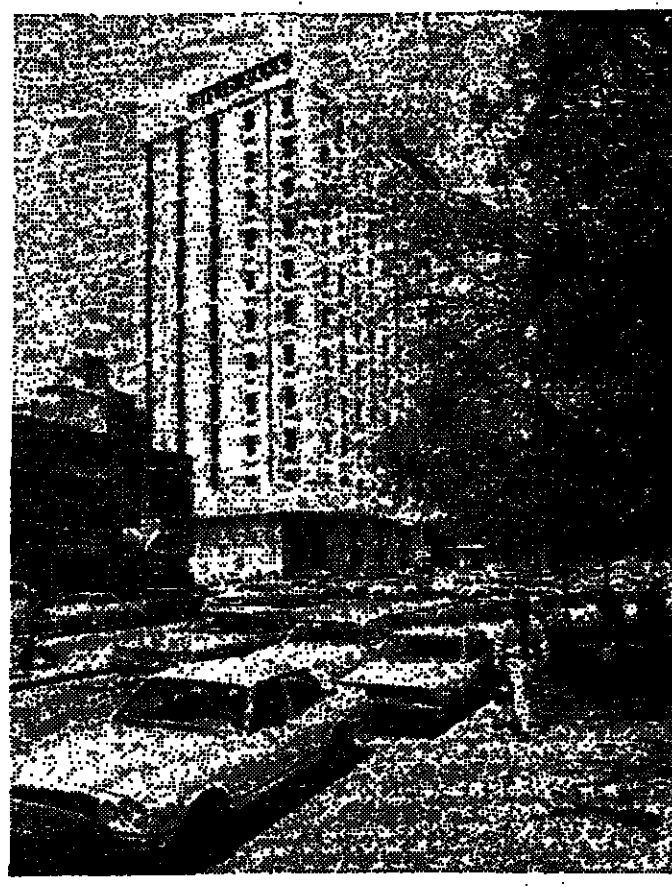
* Estimates. Source: Ministry of Agriculture and Water

PROJECTED WATER RESOURCES

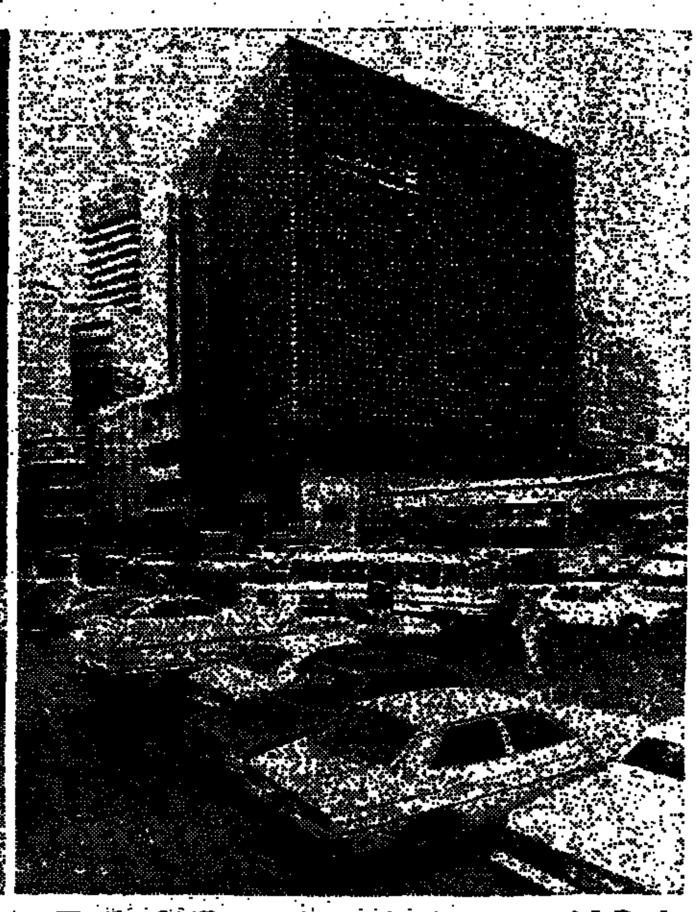
(million cubic metres per year)

	1980	1985	1990	2000
Non-renewable	3,450	3,450	3,450	3,450
Renewable	1,145	1,145	1,145	1,145
Desalination	63	605	794	1,198
Reclaimed urban waste	0	140	335	730
Total resources	4,658	5,340	5,724	6,523

Source: Ministry of Planning.



The Riyadh Bank on King Faisal Street



The head office of the National Commercial Bank

Relative calm in the banking sector masks fundamental changes

Authorities aim to boost commercial lending

AN EERIE calm has descended on Saudi Arabia's banking industry, like the atmosphere in space after a particularly noisy take off and flight. After years of what seemed almost extraterrestrial growth in balance sheet and earnings, the Kingdom's banks are slowly floating back towards earth and life among ordinary mortals.

According to preliminary estimates issued by the Ministry of Finance earlier this month, commercial bank assets expanded by 3.8 per cent in the most recent fiscal year, and deposits grew by 5.3 per cent—rates which would elsewhere seem perfectly normal, but in the Kingdom must be measured against increases in both of more than 20 per cent as recently as two years ago.

The tale told by profits is even more revealing. Saudi banks were until quite recently reckoned to be among the most profitable in the world, but while they are still providing very handsome returns, only one—Saudi-American Bank, part owned by Citibank — has so far reported an increase in net earnings for 1983 and even then it was only 1.4 per cent.

The Kingdom's largest financial institution, National Commercial Bank, recorded a fall in profits of 10.5 per cent.

Everywhere the talk is of "consolidation," of a period of review and reorientation. The surface calm masks fundamental changes in Saudi banking now getting underway.

Bankers pinpoint several major developments which will continue to squeeze their margins or test their ingenuity and adaptability for the foreseeable future. Most of them have something to do with the general slowdown in the Kingdom's economic growth, and most also indicate an increasing involvement in the domestic economy by institutions which, until quite recently, seemed happier sticking to a limited range of retail banking activities, while keeping much of their assets on deposit with other banks outside the country, notably in Bahrain.

The recent reduction in Government spending, the motor of the economy, has caused private companies to turn increasingly to the banks for loans, whether to finance expansion or to tide them over cashflow difficulties.

Either way, this development is likely to have a continuing impact on bank earnings, as it will force them to step up administrative expenditure and expand such relatively new activities as credit risk analysis.

Net earnings

Either way, too, it means increasing exposure to risk. Indeed, some bankers worry that in particularly hard hit sectors of the economy, such as the construction industry, banks' lending risks could rise to unacceptable levels.

But the Saudi Arabian Monetary Agency (SAMA), the Kingdom's central bank, is determined to encourage increased commercial lending to business, which is in line with the emphasis in the fourth development plan, starting next year, on encouraging the private sector.

Last year, according to the Finance Ministry estimates, such lending increased by 18 per cent—a remarkable figure at a time of relatively slow overall balance sheet growth.

In the same spirit, there is also increasing activity by Saudi banks in the Saudi riyal syndication market, focusing mainly on the large state-owned corporations.

Saudi Basic Industries Corporation (SABIC), was the first in the recent flurry, with a SR 686m syndicated loan led by Riyad Bank and signed last June. Then in March of this year came SR 973m credit aranged by Riyad Bank and National Commercial for the state airline Saudia.

A steady flow of new business in the next year or so will be provided by loans to cover 10 per cent of the final working capital needs of several large scale industrial joint ventures undertaken by SABIC and Petromin, the Government oil marketing company, although it is not clear at this stage how much of this financing will be in riyals and how much in other currencies.

Details of the first three of these loans, amounting to the equivalent of about $660m, are expected to emerge soon.

Agency decree

Again, Saudi banks have been actively encouraged by SAMA to become involved in this market. Last eyear, the Agency decreed that foreign banks could not participate in riyal syndications without prior permission, a move which bankers say has considerably reduced involvement by Bahrain offshore banking units (OBU's), and left the field clear for the Saudis.

Another important change—and a major factor in the profit slowdown—is that banks' overall costs are increasing at a brisk pace. This applies both to administrative expenditure and to the cost of funds.

Running and investment costs are being inflated by growing competition between the banks to draw in the still massive amounts of private unbanked liquidity, in what must be one of the wealthiest essentially cash-based economies in the world.

According to the latest published money supply figures, issued by SAMA more than a year ago, currency in circulation totalled SR 30.42bn in 1982, or 25 per cent of the broadest monetary measure, M3. The central bank does note, however, that the share of currency in circulation in M3 has declined continuously since 1978, reflecting "the growing banking habit among the people."

Competition to pull the remainder in involves building more branches and improving and expanding services by investing in new technology and training Saudi staff—all costly activities.

The Kingdom's branch network is still growing at a rate of more than 20 per cent a year with the Saudi-ised foreign banks expanding particularly aggressively—and it will not be long before the total tops 500. This compares with a complement of only 188 in 1980.

Meanwhile, Saudi-British Bank, which is 40 per cent owned by Hong Kong and Shanghai Banking Corporation through its British Bank of the Middle East subsidiary, late last year became the first Saudi bank to have a Kingdom-wide computer link-up. Several others are not far behind and will have networks on line later this year or next.

Banks are also planning gradual additions to the frills they can provide along with straightforward retail services. These include Saudi riyal travellers cheques (launched last year and off to a slow start), 24-hour cash dispensers and an increased use of credit cards and personal cheques.

At the same time as banks are having to invest heavily in expansion on the ground, they are finding themselves paying more for funds.

Until quite recently, many Saudi bank customers happily left their money in easy-to-service current accounts without demanding interest. The banks could thus earn themselves 10 per cent and more simply by leaving the funds on deposit in foreign banks. It was almost literally a licence to print money, and helped banks to make profits equal to or greater than their capital in some cases.

Things are different now, partly as a result of the increasing sophistication of private customers and partly because of a heightened cost-consciousness on the part of hard-pressed customers. As a proportion of total deposits, demand deposits have now dropped below 50 per cent from over 60 per cent in 1980.

SAMA *notes* that time deposits and other interest-bearing accounts have been gaining steadily as a proportion of money supply since the second half of the 1970s. But it is only natural that the banks should feel more impact from this trend now, given the low level of overall deposit growth.

Further uncertainty has been injected into the industry by the imminent arrival of a strange new player—the Al Rajhi Company for Currency Exchange and Commerce, up to now the biggest of the Kingdom's money changers.

These institutions handle a large portion of Saudi current account money as well as providing foreign exchange drafts for the large expatriate workforce and trading on various foreign markets, notably the commodity exchanges.

In December, 1981, SAMA, increasingly concerned at the almost total lack of controls on their activities (a situation which led the next year to the embarrassing and costly collapse of one of their number), ordered the money changers to wind up their deposit taking activities within three years.

Islamic bank

The Al Rajhi Company for Currency Exchange and Commerce, however, declared that it wanted to become an Islamic bank—a phenomenon hitherto unknown in the Kingdom and was promised a licence by the central bank.

The company is now planning to set itself up as a joint stock operation by floating off about 40 per cent of its shares to the public. It is believed that it will then become a kind of Islamic investment institution, shunning interest payments and using customers' money to buy into ventures and share the profit, rather than a bank as such.

Bankers are inclined to regard all this as an interesting sideshow rather than a threat or a major development. But the sheer size of the company (its capital of SR 750m would immediately put it among the Kingdom's largest banks) and the sensitive religious questions it raises mean that it cannot be ignored.

● The most potentially far-reaching change in Saudi banking, however, emanates not from within the industry or from other commercial organisations, but from the authorities. On February 11, SAMA took a long-awaited—some would say long overdue—step by launching its first financial instrument on the domestic scene.

Since then, it has been issuing weekly tenders for 91-day deposits, initially of up to SR 350m and lately up to SR 400m.

SAMA officials describe it as an experimental first step towards creating a range of financial instruments in the Kingdom, as well as an embryonic monetary tool to mop up excess liquidity in the economy. Eventually, the authority may also allow a secondary market in the deposits.

Inevitably there has been speculation that the tenders may eventually be used to finance government budget deficits, although SAMA denies this, pointing out that its foreign reserves are ample to cover such shortfalls.

Test attitudes

Some foreign observers see the new practice, in addition to being a financial experiment, as an attempt to test religious attitudes to payment of interest by Government.

While SAMA has been careful to structure the tender as a discount arrangement which strictly speaking conforms with the Islamic ban on interest, they are regarded by bankers as effectively interest bearing. So far, however, the Ulema, the Kingdom's powerful religious establishment, has been remarkably silent on the issue.

Banks' response to the SAMA move has been mixed. There is much grumbling that the interest rate on offer is lower than equivalent (three months) interbank rates — which the central bank counters by pointing out the exceptional security it offers. It also sees keeping the yields on the tenders down as a vital signal to the market on interest rates in general.

There are also complaints in some quarters about pressure from SAMA to take part in the tenders as a result of poor initial subscriptions. The authority insists that the banks are free to take the offer or leave it.

But, as one foreign expert pointed out, even if it is applying some coercion, SAMA is only acting like other central banks the world over, including the oldest of them all.

Another possible effect of SAMA's policy could be to attract riyals back into the Kingdom from Bahrain. For this reason, reaction to the move in Manama seems to have been much stronger than in Riyad or Jeddah; bankers there see it as a part of the same Saudi conspiracy against them that gave rise to the restraints on offshore participation in riyal syndications and the withholding tax on interest payments to foreign lenders.

Soundings among Saudi bankers and officials suggest that this may be an overreaction. The Kingdom has certainly made it plain enough that it does not want to see the riyal becoming greatly internationalised—out of a desire to be monetary master in its own house—and officials express satisfaction that Saudi banks' foreign assets are not expanding any more as a proportion of their total assets.

But the weekly tenders, which at their current level can raise a maximum of about SR 5bn—against the estimated SR 20bn and more held in riyals by Saudi banks outside the Kingdom—hardly amount to a squeeze on Bahrain.

For Saudi banks, meanwhile, the future looks a great deal more interesting than the past, even if it is not lined with easy profits.

Andrew Gowers

'Growing need' for a more sophisticated financial system

"THERE'S A tremendous savings base here waiting to be invested," says Dr Abdulaziz Dukheil, a leading Saudi financier and former Deputy Finance Minister. "The lack is in institutions and instruments."

With these words, he sums up the central dilemma facing the Saudi government as it tries to boost the role of the private sector: how to harness Saudi Arabia's enormous available private capital to the Kingdom's economic development, and in particular how to marry it with suitable and viable investment opportunities.

Dr Dukheil's Riyadh-based Consulting Centre for Finance and Investment was set up in 1979 to provide professional consultancy services on just those problems, and its business is beginning to take off. "The more the economy develops," he says, warming to his argument, "the more the need arises for a sophisticated financial system. Financing will move beyond the private or family sphere. It must move towards an institutional system."

The signs are that the authorities broadly share his views. The theme is underlined almost as often as a senior Government figure talks publicly about the economy: at a time of depressed national revenue, the need is all the more urgent to boost non-oil industries, and this can only be achieved with the active involvement of private capital. In short, the Government, whose lavish expenditure has been the driving force behind Saudi development since the oil price explosion, now wants to step back and let others do some of the work.

How it proposes to proceed will no doubt be set out in some detail in the Kingdom's fourth five-year plan, which applies from next year. There is every indication that it will continue to tread exceedingly warily, so until that eagerly awaited document is published, discussion of the future will have to rely heavily on straws in the wind.

Trial run

One straw pointing decisively in the right direction is the sale to private shareholders of state-owned corporations. The sale earlier this year of shares in Saudi Basic Industries Corporation (SABIC) the state company which is responsible for Saudi Arabia's major new petro-chemicals industry, was a trial run and it proved a runaway success, at least within the Kingdom.

By the time subscriptions closed in early February, Saudi investors had put up enough bids for the 1.8m shares of SR 1,000 nominal value each, representing 18 per cent of SABIC's capital, to buy them twice over.

In all, SR 3.7bn was raised, according to Mr Abdul Aziz Al-Zamil, the Industry Minister and SABIC's chairman — "a measure," as he puts it, "of liquidity in the Saudi private sector."

Flushed with the popularity of the first issue, the Government is now selling a further 10 per cent of SABIC's capital —and the signs are that this offering will also be heavily over-subscribed. Eventually, 75 per cent of the corporation is to be privatised, although the authorities have not set any precise timetable.

Other state companies which have gone the same way and are now publicly quoted include utilities such as the Saudi Public Transport Company and several regional electricity companies. But these rely heavily on government subsidies, both for operations and for the health of their share prices, which depend largely on a fixed 15 per cent annual dividend guaranteed by the Government and therefore behave more like fixed interest bonds than equities.

In the future, candidates for flotation among public sector corporations will include Petromin, the state oil refining and mining corporation, the national airline Saudia, the Saline Water Conversion Corporation (SWCC) and even possibly the Arabian American Oil Company (Aramco).

There are considerable doubts within the private sector itself whether, on their own, shares in some of these companies will prove attractive propositions. Saudia, for instance, is known to make losses, and the SWCC is heavily dependent on state subsidy in carrying out the expensive process of seawater desalination at its 22 coastal plants.

In any case, the Government is likely to move quite slowly from now on in its flotation programme for fear of dumping too much equity on the market in too short a space of time, and thereby dampening investors' enthusiasm. Some observers believe that after the additional 10 per cent of SABIC has been disposed of, no further major public corporations will be up for sale for 12 months or more.

This is largely because at least two private companies are also planning big share offerings later this year: the Al Rajhi Company for Currency Exchange and Commerce, the money changer which is becoming a joint-stock Islamic bank, and the National Industrialisation Company, the private group which is seeking to establish joint light industrial ventures with foreign partners. Al Rajhi may offer up to 40 per cent of its SR 750m capital, while NIC wants to sell 60 per cent of its SR 600m equity to the public.

The emergence on to the market of large quantities of new equity — albeit at a sedate and controlled pace — is central to the Government's strategy. The authorities believe that many more shares, in a much greater number of hands, are needed before real progress can be made towards the establishment of some kind of official stock market.

Of course, the Government has yet to state clearly that it wants an official stock market at all but all its actions, piecemeal as they are, appear to point that way. It is understood that an official committee grouping representatives from the Saudi Arabian Monetary Authority and the Ministries of Finance and Commerce, is currently studying the issue in detail.

At present, about 56 different titles are unofficially traded by a motley collection of "stockbrokers," some reputable, others les so; some little more than dingy little shops in the souks of Riyadh and Jeddah. The equities available include all the banks except National Commercial, which is a family owned concern, eight cement companies and a growing number of agriculture and service companies.

Although most of the shares were issued at a nominal value of SR100, their prices, quoted daily in the Saudi press, now vary between SR150 and more than SR1,000. Their total current book value is impossible to estimate accurately but could be substantially more than US$ 10bn. Much of the trading is extremely informal; there is no regulation and there is certainly no co-ordinated attempt at efficient record-keeping.

The Government has already signalled its disapproval of the unofficial stockbrokers. A year ago, King Fahd decreed that only Saudi banks would be allowed to act as share brokers.

Before that ruling can be implemented, however, the banks need to equip themselves for what will be an entirely new line of business. As a first step, they are currently setting up a commercial company which will register ownership and transfer of shares.

Each bank has chipped in with SR 1m giving the company initial capital of SR11m. When it gets going, it will for a fee, maintain share registers for the Kingdom's joint stock companies; in addition, it seems it will act unofficially as the "eyes" of the authorities in the market.

Officials say the authorities' caution on establishing a proper stock market stems from two main factors. The most obvious and often-remarked is Kuwait's Souk al Manakh trauma, in which the country's unofficial and unregulated stock market collapsed after huge speculation, leaving behind a mountain of post-dated cheques with a face value of US$ 90bn.

At the very least, that has rammed home to the Saudis the need to plan any stock market extremely carefully. There are signs that in some official quarters, the reaction goes further than that. "The lesson of Souk al Manakh is not that we should be scared of a stock market," said one prominent Saudi investor, a trifle impatiently. "The lesson is that we should speed up the creation of a well-organised market."

In any case, say people of this school, the Kuwaiti experience has limited relevance for Saudi Arabia, given that post-dated cheques are illegal in the Kingdom.

Perhaps more telling overall is the Government's concern at what it sees as excessively concentrated share ownership in Saudi Arabia. Those who are familiar with the unofficial market say that only a very small percentage of shares actually changes hands on a regular basis, reflecting the fact that the bulk is tightly held by a few people—exactly how few, nobody yet knows.

According to diplomats and bankers in the Kingdom, this offends the Saudi rulers' political inclination towards the small man. The Finance Minister, Mr Mohammed Aba Al Khail, has stated explicitly that the Government wants to ensure that all Saudi citizens have access to share trading.

Preference

New issue rules often require distribution of shares as widely as possible. This has been the case with the two SABIC issues, which give preference to the investor who bids for a small number of shares. When the sale of shares in United Saudi Commercial Bank, a new company formed last year by amalgamating the Saudi interests of United Bank of Pakistan, Iran's Bank Melli and Banque du Liban et D'outre Mer, was more than five times oversubscribed, the authorities ensured that equities were distributed among no fewer than 400,000 individuals, giving it probably the largest number of shareholders in the world.

Nevertheless, despite the Government's best efforts, big operators are still believed to be building up huge holdings simply by buying out small shareholders at a hefty premium.

Thus, it seems that the next move towards the creation of an official market—which would presumably consist of giving banks the green light to start broking—will have to wait until the Government is confident that shareholdings are sufficiently diversified and there is enough freely available equity in the market to prevent overheating.

Optimists like Dr Dukheil reckon there could be some kind of official market in two years, probably based closely on the West German or Swiss models in which a fairly small circle of banks under tight supervision of monetary authorities, have the market virtually to themselves. Others think the jury is still out on the issue.

But a stock market is not all that is needed if private capital is to take a leading role in Saudi Arabia's development. There will also be a need for commercial institutions specialised in medium and long term lending. At present, since Saudi Investment Banking Corporation became a straightforward wholesale bank, there is not a single one. In effect, the longest-maturity commercial loans to be obtained in riyals are syndicated credits.

The central problem in developing commercial institutions in this area is the continuing large involvement of Government. Commercial banks simply cannot compete with the soft terms offered by the state's various specialised lending bodies, such as the Saudi Arabian Agricultural Bank, or the Real Estate Development Fund.

So, assuming that Saudis wish to invest at home—and on the evidence so far it would seem they do—there appear to be two main obstacles to the mobilisation of this vast pool of private capital: first, the Kingdom's relatively unsophisticated financial market, and second, the heavy hand of Government.

The second obstacle cannot, for all sorts of political and financial reasons, be removed in a hurry. But when it is, Dr Dukheil, for one, is convinced that businessmen will adapt: "The private sector will read the signs very quickly. Those that cannot adapt will be swept out of the market."

Andrew Gowers

LEADING SAUDI ARABIA STOCKS
(recent trading range of share price in SR)

BANKS	(in SR)	Western Elec. Co.	201-207
Bank Al-Jazira	650-690	Eastern Elec. Co.	195-205
Saudi American	1,000-1,020	**MISCELLANEOUS**	
Saudi British	620-690	Saudi Ceramics Co.	185-190
Saudi Hollandi	690-715	Saudi Edible and	
Saudi Al-Fransi	970-1,000	Vegetable Oil	215-225
Saudi Cario	690-716	Saudi Fisheries	440-445
Riyad Bank	66,500-67,500	Saudi Fertilisers	750-770
Arab National	1,300-1,330	Saudi National	
United Saudi		Shipping	110-115
Commercial	515-530	Saudi Livestock	170-180
Saudi Investment		Saudi Real Estate	330-340
Banking Corp	350-370	Saudi National	
CEMENT		Gypsum	460-480
Arab Cement	1,300-1,350	Saudi Hotels and	
Saudi Dammam	1,320-1,350	Resource	135-140
Saudi Bahraini	190-195	National Gas	
Saudi Kuwaiti	195-200	Industries Co.	222-227
Qassim	270-280	Saudi Public	
Southern Cement	265-275	Transport Co.	160-165
Yanbu	200-220	SAS Company	70-75
Saudi Yamami	3,400-3,500	Hail Agricultural Co.	250-255
UTILITIES		Nadec Ag. Co.	270-285
Central Elec. Co.	195-205	Tabuk Ag. Co.	150-155

Finn Barre on the introduction of the '30 per cent rule'

Strict enforcement planned

WHEN the Korean contractors arrived in Saudi Arabia and started dominating the construction industry, Saudi wags joked about the newcomers' self-sufficiency. The Koreans performed entire contracts in-house. The wags claimed the Koreans brought all their supplies from Korea, including their food. Then, the joke goes, they sent everything back, including the leftovers.

Western contractors were rumoured to be little better. Saudi businessmen bitterly resented companies that purchased their machinery and goods overseas, depriving Saudi agents of commissions and profits.

The Saudi businessmen voiced their complaints at a March 1983 meeting in Dharan when they met Ministry of Commerce officials, including the Minister, Mr Suleiman al Solaim. Soon afterwards the 30 per cent rule was announced.

The rule requires all non-Saudi contractors on Government jobs to assign Saudi contractors at least 30 per cent of the work in their contracts. Contractors are also prohibited from importing machinery unless previously owned and used by them. Otherwise it must be purchased from a Saudi agent.

Additionally, contractors are required to use local transport for goods and personnel unless they are in-house transport capability. Contractors are also required to use Saudi insurance firms and banking services and rent Saudi-owned property. Catering for workers is also supposed to be provided by a Saudi firm.

Contractors knew the 30 per cent rule was on the way but when Deputy Minister of Commerce Dr Abdul Rahman al-Zamil announced the decree many of them said it sounded draconian. After the announcement, months passed before the Government issued any clarifications. Contractors were particularly eager to learn what constituted a Saudi-owned company and what a foreign company.

Directives

The rule had precursors. The Government frequently issued oft-ignored directives that more Saudi products should be purchased and that Saudi participaton in contracts should be encouraged. Some forward-looking operators such as Aramco and the U.S. army corps of engineers had already taken steps to ensure Saudis received a share of their projects. Many however, felt that the extra cost paid for some Saudi materials and machinery made local purchase undesirable. In other instances nationalistic considerations dictated purchase of products from the home country.

None of those reasons satisfied Saudi Government officials. A lot of time and money had been invested in early industrialisation and the Government was not prepared to see the local cement, brick and other building material manufacturers going out of business during hard times. A Council of Ministers ruling was passed in 1974 which required purchase of Saudi-produced materials.

As Mr Suleiman Al Solaim has explained, shortages of building materials were common in the mid-1970s, which meant that the Government could afford a laid-back attitude. When it became obvious that a construction slowdown was in progress the 1974 council ruling was recalled and began to be enforced. The 1974 regulation was the basis for the 30 per cent rule.

The rules, now clarified by the Ministry of Finance defines non-Saudi companies as those which have less than 51 per cent Saudi participation in the equity.

It also applies to temporary partnerships between Saudi and foreign companies that have been formed to carry out specific projects. Some foreign companies have argued that a 30 per cent participation by a Saudi partner should fulfil the 30 per cent rule but their arguments have gone unheeded.

It is easier to define the Saudi-owned sub-contractor. That company must be 100 per cent Saudi-owned. Only 100 per cent Saudi-owned companies qualify for the 30 per cent of the projects.

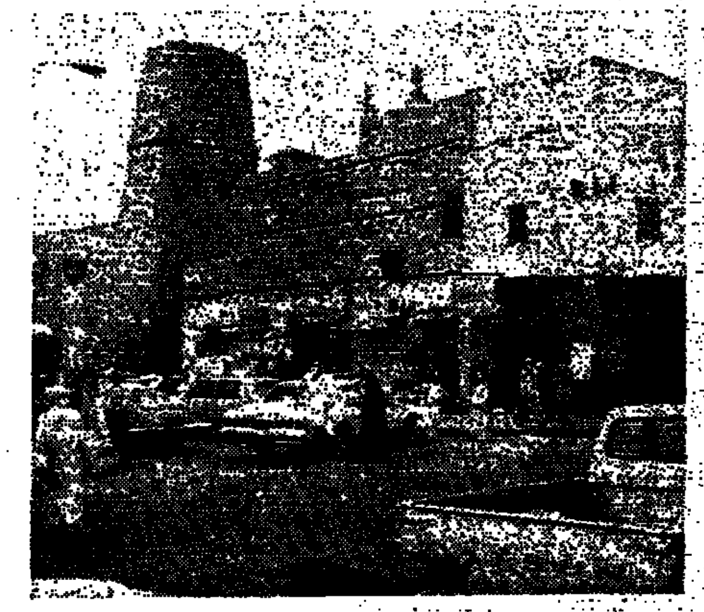
According to the Ministry of Finance statement, materials must be manufactured by 100 per cent Saudi firms to qualify technically as a Saudi vendor-contractor for the 30 per cent. The contractors say that many Saudi-produced products are not made by 100 per cent Saudi firms because most of the industrial companies are joint ventures. The point needs clarification because contractors plan to use purchase of local materials as part of their strategy to comply with the 30 per cent regulations.

Most companies that have encountered the 30 per cent rule are still unsure what form it will take when enforced. No government-wide enforcement mechanism has been established and the various Ministries differ in their interpretations. Uncertainty is increased because no big contracts have been awarded since the rule was announced.

Company approaches to the 30 per cent rule are going to be cautious. Bookkeeping will become more important because costs of bank transactions or other services that are acquired from Saudi firms can be counted against the 30 per cent. Since consultancy fees can be counted against the 30 per cent, commissions and consulting fees may start appearing as components of bids instead of being buried in statistics. Some industry analysts say joint venture agreements may be altered to permit the Saudi partner to function as the sub-contractor rather than joint venture partner.

The Government, however, has announced that it will diligently hunt down evasion. It also expects Saudi firms to function as the first line of whistle-blowers. Before the present regulations were passed machinery imports were required to be delivered to a Saudi firm's address. What happened was that contractors paid a Saudi to supply an address. In that way they avoided the law. In the case of the 30 per cent rule the Government investigators will hunt for phantom Saudi firms which are foreign in all but name.

Business Guide



The old fort in the centre of Riyadh

Flag
Green background with, in white, the script "There is no God but Allah, and Mohammed is the Messenger of God" and, underneath, a white sword (symbolising war waged for the sake of Islam).

Area
At least 2,149,690 sq km (some boundaries/areas are undefined).

Population
Recent estimates vary between 8-9m (census taking is made difficult by nomadic sector and illegal immigrants).

Climate
Jeddah and region. In the summer (April-October) temperature range 18 deg C-38 deg C; humidity 90 per cent plus. December-January, 18 deg C is normal (extremes recorded: high 47 deg C, low 9 deg C). Dhahran and region: similar but summer maximum may reach 43 deg C. November-March temperatures slightly lower and spasmodic thunderstorms occur.

Riyadh and region: summer temperatures can reach 50 deg C but during December-January night-time temperatures may even fall to near freezing point. Thunderstorms can occur between November and March. Dust storms can be troublesome May-September.

Rainfall: Riyadh — January-May average annual rainfall around 85 mm; Jeddah November-January 60 deg C-65 deg C.

Some inland areas may receive virtually no rainfall. There are no permanent rivers but in south-western regions eg Asir, annual rainfall of around 100 mm supplies deep "wadis" and sub-tropical vegetation.

Time
GMT + 3.

Language
Official: Arabic. Other: English.

Entry requirements
Passport: required by all except pilgrims (with passes) and certain seamen. (Unexpired duration of passport must be at least six months beyond planned stay.)
Visa: required by all except nationals of certain neighbouring states.
Prohibited entry: nationals, visa-holders, Jewish travellers or those with evidence of travel in Israel; certain Yemenis.
(Note: entry requirements, particularly visa regulations are subject to periodic modification.)

Health precautions
Mandatory: yellow fever within six days of visiting infected area.
Advisable: anti-malaria in certain areas (but generally not in cities).

Banks
Main centre: Jeddah.
Head offices: Al Bank Al Saudi Alami, Al Bank Al Saudi Al Fransi, Al Bank Al Saudi Al Hollandi, Bank Al Jazira, Islamic Development Bank, National Commercial Bank, Riyad Bank, Saudi American Bank, Saudi Cairo Bank, Saudi Arabian Monetary Agency.
Also: (HQ: Riyadh): Saudi British Bank, Saudi Investment Banking Corp., Arab National Bank.
Foreign branches: Arab Bank, Bank Meli Iran, Banque de l'Indochine et de Suez, Banque du Liban et d5Outre-Mer, Citibank.
Banking hours: 0830-1200 and 1700-1900 (Sat-Wed) 8.30-11.30 (Thur) (exceptions: Fri closed; hours may be reduced during Ramadan).

Government and business hours
Government offices: 0703-1430 (Thurs, Fri closed).
Commercial offices 0700/0830/0900-1200/1330; 1630-1930/2000/2030 or 1430-1700, some office work 0830-1630 (exceptions: Fri closed; hours may be reduced during Ramadan).

Tariff restrictions
Restrictions: pharmaceuticals
Prohibitions: alcohol, arms and ammunition, narcotics, pig products, any trade contact with Israel or "blacklisted" entity or goods of Israeli origin.

Main development agency
Central Planning Organisation Ministry of Planning, Riyadh.

Useful business addresses
Jeddah Chamber of Commerce and Industry PO Box 1264, Jeddah (tel: 4023535/4024824; telex: 401069).

Ministry of Information (Riyadh (tel: 4025500/4025512; telex: 200186).

PETROMIN (General Petroleum and Mineral Organisation) PO Box 757, Riyadh (tel: 4761113/33; telex: 201490).

Riyadh Chamber of Commerce and Industry, PO Box 596 (tel: 4040044; telex: 201054).

Royal Commission for Jubail and Yanbu, PO Box 5964.

SABIC (Saudi Basic Industries Corp), PO Box 5101, Riyadh (tel: 4769700/4769828; telex: 201177).
Saudi Industrial Development Fund, PO Box 4143, Riyadh (tel: 4033200).
(Note: correspondence to government departments in Riyadh is simply sent to the Ministry concerned, no further address, eg. PO Box number, is used.)

Immigrant workers
Estimates vary but are generally in the range: Yemenis, over 1m; Egyptians 150,000; Pakistanis 100,000; South Koreans 20,000; plus Europeans.

Embassies in capital
Afghanistan, Algeria, Argentina, Australia, Austria, Bahrain, Bangladesh, Belgium, Brazil, Cameroon, Canada, Chad, Denmark, Djibouti, Ethiopia, Finland, France, Gabon, Gambia, German FR, Ghana, Greece, Guinea, India, Indonesia, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Rep of Korea, Kuwait, Lebanon, Libya, Malaysia, Mali, Mauritania, Morocco, Nepal, Netherlands, Niger, Nigeria, Norway, Oman, Pakistan, Philippines, Qatar, Senegal, Sierra Leone, Somalia, Spain, Sudan, Sweden, Switzerland, Syria, Taiwan, Thailand, Tunisia, Turkey, Uganda, UAE, UK, USA, Upper Volta, Uruguay, Venezuela, Yemen AR, Yemen PDR, Zambia.

International headquarters
Islamic Development Bank
PO Box 5925, Jeddah
(tel: 6483994/5;
telex: 401137/401407).
Organisation of the Islamic Conference
Secretariat-General
Kilo 6, Mecca Road,
PO Box 178, Jeddah.

Membership of International organisations
GATT, ILO, IMI, OAPEC, OPEC, UN, WHO, Arab Fund for Economic and Social Development, Arab League, Gulf Co-operation Council, Islamic Conference, Islamic Development Bank, World Bank.

Internal travel
Air: comprehensive domestic service operated by Saudia; total of 22 airports.
Road: 21,585 km highways and asphalted roads (1981); further 24,200 km rural roads.
Bus: coach services under development eg Dhahran-Damman; Mecca-Riyadh.
Rail: three classes; air-conditioning and refreshments available. Diesel rail cars, twice-daily in each direction, link Damman and Riyadh (via: Abgaiq, Al Hofuf, Ain Haradh, Al Kharj). Journey time guide: seven hours.

Broadcasting
Radio: national service in Arabic and English; external service in numerous languages; Aramco operates an English-language service.
Television: state service gives 8 hours/day regional coverage; some areas also receive external television transmissions.
Have yellow number plates; generally considered advisable to ascertain official fare beforehand.

Car hire
International or foreign licence to be presented to authorities (women are not allowed to drive).
Insurance claims not legally enforecable and claims against insurer are settled informally.

Source: World of Information's Middle East Review.

First test for offset system

FOREIGN COMPANIES winning large scale contracts in Saudi Arabia are likely to be faced with increasing pressure to reach offset agreements under which part of the work will be undertaken by local suppliers.

The strategy is being pioneered in the negotiations for the award of the U.S.$3.94bn command and control system for AWACS surveillance, aircraft. Under the contract, the successful bidder will be required to invest $525m in joint ventures with Saudi companies.

Three team of U.S. companies are competing for the U.S. Federal Military Sales Office-administered contract: Boeing and Westinghouse; ITT and Litton; and Hughes and Collins.

The offset programme is designed both to invest more money in the economy and to encourage the transfer of technology know-how. Consequently, the Government frowns on labour-intensive operations, but approves projects in the mining, food processing, chemicals and manufacturing fields.

Expertise

The successful American company will have to invest 50 per cent of the money in ventures and suppiy management, advanced technology, and marketing expertise.

Once the Offset Committee, composed of the Ministry of Commerce, Finance, Planning, Industry and Electricity, and Defence, approves the project and Saudi partners, funds will be raised by government loans and floating shares. Up to 50 per cent of capitalisation will be provided by organisations such as the Saudi Industrial Development Fund (SIDF).

Although the Government is providing incentives, it makes clear that it will not guarantee the joint ventures. Officials expect, however, that the joint ventures will be profitable.

Although offset requirements are new in the Kingdom, the Saudis stress that offset regulations are common throughout the developing world.

The Command, Control, Communications and Intelligence Systems (C3I) provides an ideal test-bed for the offset programme. The AWACS C3I is expensive and it is too far advanced for local firms to tackle.

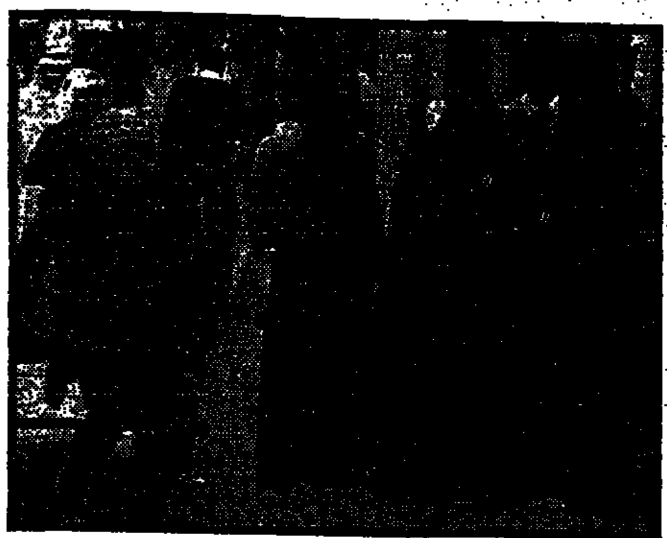
The main difficulty for the U.S. companies in the offset programme is identifying areas for profitable joint ventures.

One firm expected to play a role in the offset joint ventures is the National Industrialisation Company founded by Mahsoun Bahjat Jalal. The U.S.$171m company was established to provide industrialisation, expertise and finances.

The C3I system will integrate the AWACS aircraft into a total defence system for Saudi Arabia. It will include the air defence system being assembled by France's Themson CSF under the multi-billion dollar Shahine missile deal.

If the AWACS offset programme is successful, future contracts involving high technology and large sums of money will probably be subject to similar but modified requirements.

F. B.



In Saudi Arabia, relatively few women are seen outside the home

A woman in a man's world

I HAD prepared myself for just about anything. I had packed flowing black garments to cover all bits of my anatomy and dress. I had bought a new edition of War and Peace to fill in the long evenings and picked up $500 in travellers cheques for emergencies.

In the end, I need only have bothered about War and Peace. A Western woman visiting Saudi Arabia will be pleasantly surprised to find that she will be treated very similarly to her male colleagues, if not better.

So few women are seen outside the home that the entrance of a woman into a Saudi resturant or office is an occasion for all the men present. But the looks you will attract will not be lascivious, but respectful, verging on awe. It's great for the ego.

There are a few things to keep in mind, however. As only men hold jobs in Saudi Arabia, you won't find any women's loos in the offices you visit. As a result, never go into an hotel or a friend's residence without considering the use of its facilities.

Women can't drive in Saudi Arabia and in general aren't supposed to ride in cars with men who are not their husbands. As my husband was in London, I broke this rule daily. I was never stopped or questioned and I think this taboo is loosening. It is important to carry your passport and other documents with you, however, when you are driving about with other foreigners.

When visiting the gold souks and other open air shopping centres, it wouldn't hurt to wear a black garment or scarf to cover your shoulders and head. The Saudi women wear black veils pulled tightly over their heads and tucked under their chins, in addition to the robes.

I didn't follow suit for fear of losing my way under the black cloth. The souk I visited was patrolled by an elderly member of the religious police who ignored me and the other western women nearby.

You will often find yourself eating on your own, behind a screen, if your guests invite you to a staff canteen. I convinced by hosts to join me behind the screens and found we all received better service as a result. The screen business disappears outside Riyadh, as do the problems about driving in the front seat with a husband.

I couldn't help querying a young Saudi woman who sat next to me on an internal flight whether she minded wearing the robes and dealing with all the restrictions. She smiled and said: "I have two reactions. One says it is more comfortable not to bother about my looks when I go out. I can just do my shopping in peace.

"The other says, I know this cannot last. As more girls go to university and want to have jobs, I think things will change. If we want to be a modern country, they will have to."

For a western woman, the time is ripe to visit Saudi Arabia.

Carla Rapoport

Michael Field reports on efforts to improve the economic and social status of the Shias

Relaxation of controls eases the tension

FOUR peaceful years have passed since the riots which shook the oasis of Qatif in November 1979 and February 1980. The violence involved members of the schismatic and mystical Shia sect of Islam, who number about 300,000 in Saudi Arabia and make up 30 per cent of the population of the Eastern Province.

For both the Saudis and the world outside the riots were disturbing. The first outbreak coincided with the famous occupation of the Grand Mosque of Mecca by Juhayman Mohammad al Otaibi, and, like that episode and the minor riots and demonstrations that had occurred in Bahrain since the Iranian revolution of February 1979, it showed that the Arabian oil states might not be as stable as they appeared to be.

In particular, the Shias seemed to pose the threat of sabotage to Saudi oil installations. They provide more than a third of the workers employed in oil production. The oasis of Qatif, Seihat and Safwa, which is entirely Shia and has a population of some 150,000, extends half-way across the neck of the Ras Tanura peninsula, through which pass most of the Kingdom's oil exports.

Since the riots subsided there seem to have been no political incidents—either in Qatif or in the bigger Hasa oasis, which is about half Shia.

Iran continues to broadcast subversive radio propaganda to Arabia; there is even a television programme, in Arabic, beamed to the area.

Three years ago the broadcasts commanded much attention, because Iran was felt to be a truly Islamic regime which would restore the Muslim world to its lost glory. Now the brutality of the revolution has caused it to lose much of its allure.

"The problem of the Shias," remarked a very able and sympathetic Saudi somewhat optimistically earlier this month, "is a matter of civil rights rather than politics." He went on to suggest that if the Shias were treated with respect and if a real effort was made to develop Qatif—as should have happened long ago given the make up of the population—they would have much the same attitude to the regime as other Saudis.

It is easy for Westerners to exaggerate the degree of animosity that exists between Sunnis and Shias. Doctrinally the only major points that separate the sects concern the succession to the Caliphate after the death of the Prophet in the eighth century and the authority which the Shias give to their ulema — religious leaders. Whereas Sunni ulema are simply learned men, the Shia divines have a spiritual authority. They are regarded as being closer to God than ordinary mortals.

The most conspicuous, and in orthodox eyes offensive, differences between the two sects are matters of the Shias' rituals and outlook on the world, which reflect their history as an oppressed minority. Shiism emphasises the messianic and pathetic aspects of religion. According to one of their own number, its adherents can be "a miserable self-pitying" people.

Where their rituals are tolerated, in Iraq and Bahrain, during the month of Moharram they hold processions and perform plays which celebrate the tragic and bloody martyrdom of their early saints. Gory processions of chest beaters and back flagellants troop chanting through the streets.

Most Muslims regard these processions merely as bizarre curiosities. The Sunni inhabitants of the Eastern Province, who come originally from central Arabia, mix easily with the Shias.

Marriages

There are Sunni-Shia friendships, though not marriages. In some cases people have converted from one sect to another. A member of the Ajaji family, which has a Sunni branch in Bahrain and a Shia branch in the Hasa oasis, has said that the religious divisions in the family's ranks occurred 100 or 200 years ago when some of its members left Nejd and settled by chance in a mainly Shia village in Hasa. Over a generation or two this branch gradually adopted Shia customs and Shia ways of religious thinking.

Sunnis employ Shia workers —and the more enlightened give them time off for Shia holidays. In Aramco and in the University of Petroleum and Minerals, both of which have Shias among their senior staff, sectarian differences are scarcely noticed.

There are Sunni-Shia business partnerships. Ali Seihati, a prominent Shia merchant who died in 1981, used to do much of his business in partnership with Abdullah Fouad and Ali Tamimi, two well-known Sunni businessmen.

The pace of development in Shia settlements is quickening. Above an irrigation project at Hasa oasis.

Import Shia merchants who are active now are Hassan Nemer, who owns a hotel in Dammam, Abdullah Bayat, who has large real estate interests in Qatif, Said Nahrous, a foodstuffs importer, and Abdullah Matrood, who runs modern and efficient baking, laundry and dairy operations. The prosperity of these men gives the lie to the common belief that there are no significant Shia businessmen in Saudi Arabia.

The people who look upon Shias with disgust are Nejdis who live or have their homes outside the Eastern Province. These men are brought up in an austere, strictly unitarian tradition which abhors the veneration of saints.

"It is stupid and wrong," a young prince remarked recently showing fine logic but a sublime insensivity, "for one to mutilate oneself in penance for an evil that was committed 1,300 years ago and which one cannot personally prevent." The prince added that what the Shias did was against everything he had been taught was right since he was a child. In his view, and in the view of many others in the Saud family and the Nejdi tribes, the Shias are quite simply mad.

Since the Sauds and their allies conquered the eastern region in 1913 the Shias have been spurned by the Kingdom's political and legal establishment. The first two governors of the province, the terrible Abdullah bin Jiluwi and his equally severe son, Saud, never missed an opportunity to persecute them.

Even in the more enlightened times of the last decade only two Shias have attained senior government positions. One is Jamal Jishi, who has been in succession Director General of the Jubail project, vice-governor of the General Electricity Corporation in Riyadh, and, since Dr Ghazi Algosaibi formally took over the Ministry last autumn, Deputy Minister of Health. The other is Jalil al Saif, who is an assistant minister in the Ministry of the Interior and has the important job of authorising the issue of block visas.

Jurisdiction

The Shias have been made subject to the jurisdiction of courts practising the strict Hanbali interpretation of Sharia law, rather than to their own Jaafari courts. The only exceptions concern matters of inheritance and some other family issues, where Hanbali judges send cases for decision by Government-approved Shia officials.

Needless to say public manifestations of Shia religious practice and ritual, such as brightly decorated mosques and Moharram processions, have been banned—at least until very recently.

The older generation of Shias traditionally as accepted its inferior status and has been gratefuly for what prosperity has been brought to it by Aramco. Younger men were greatly stirred five years ago by the Iranian revolution. This event quickly made its way into discussions at the Husainiyas, or religious study centres, which are an important feature of Shia religious and social life.

The resentments of the young boiled over in the riots of Qatif in 1979 and 1980. The first episode began when the authorities intervened to stop a Moharram procession, held by young men whose confidence and impertinence had been inflated by events on the other side of the Gulf. The second riots, in February 1980, occurred when the Shias celebrated the first anniversary of the Ayatollah Khomeini's return to Iran. In all some 20 people died in the disturbances.

After the riots the Government acted to lessen Shia resentment. Prince Ahmed bin Abdul-Aziz, the Deputy Minister of the Interior, and King Khaled (twice) visited the Eastern Province and listened to Shia notables. Other senior Saudi officials in 1980 spent much time investigating the grievances of the sect and concluded that the Shias disliked the Eastern Province Governor, the silent Abdul-Mohsin bin Jiluwi (the younger brother of Saud), felt neglected and were reluctant to accept loans from the Government.

Now it is known that both the Minister of the Interior, Prince Naif bin Abdul-Aziz, and the director of Saudi external security, Prince Turki al Faisal, are very aware of the issue of Shia civil rights and concerned about it.

There has been talk of replacing Abdul-Mohsin bin Jiluwi, who is not only less frightening than his predecessors but also much less impressive. Candidates are Prince Khaled al Faisal, who has a bin Juluwi mother and has been highly successful as governor of the province of Asir, and Prince Ahmed bin Abdul-Aziz, who is a full brother of King Fahd and Prince Naif. A decision of this issue probably awaits the long-promised provincial government legislation.

A new governor of Qatif town, Mohammad as Sherif, was appointed in 1980. The governor is a Sunni of the Qahtan tribe, but in Shia eyes he is an enormous improvement on his predecessors. He is able and intelligent, respects the elderly and has won the approval of the Shia religious leaders.

More recently, in the spring of 1983, a new commander of the National Guard in the Eastern Province was appointed. He is Prince Mishari bin Saud bin Abdul-Aziz, an intelligent modern-minded personality and one of the few men of ability among the numerous sons of the late King Saud. Apart from being good for the Shias—the Guard was used to quell the riots in 1979 and 1980 —the appointment marked a step towards healing the divisions in the royal family that were caused by the deposition of Saud bin Abdul-Aziz in 1964.

Processions

The appointments have been accompanied by a more relaxed approach to the Shia festivities in Moharram. Unofficially, very modest processions now seem to be permitted. The National Guard, which is an almost entirely Nejdi force, is kept away from the streets during this highly emotional period.

There is also a new emphasis on the development of Qatif. Fairly large scale government spending in the oasis began one or two years before the riots but the pace of development has quickened since.

In Qatif and on Tarut island, which is joined to the oasis by a short causeway, there are large numbers of new houses, mostly financed by the Real Estate Development Fund. There is an estate with free housing for low income earners and an attractive new training centre for electricians and mechanics. Other recent projects have included road improvements, a sewerage system, schools and a hospital.

Qatif today does not look very different from other Saudi provincial towns. A telling comparison can be made on Tarut island, where there is no obvious difference in wealth or development between the town of Tarut itself, which is Shia, and neighbouring Darin, which is Sunni.

Michael Field's book, The Merchants — the Big Business Families of Saudi Arabia and the Gulf, is to be published by John Murray at the end of June.

ISLAM

PRINCE TURKI AL FAISAL, one of the highly articulate sons of King Faisal and director of Saudi external intelligence, has a small game which he plays with Westerners.

He tells them that there are many simple people in Saudi Arabia who believe that the only reason they have oil is that they have been good Muslims and have therefore been favoured by God. The prince watches his visitors smile and then adds that he believes the same himself.

Islam is the dominant force in the life of Saudi Arabia. The original purpose of the state was the propogation of a purer form of Islam, and officially—and to a great extent practically—the state remains dedicated to this cause today.

The King's speeches are thick with references to the Quran. The words *Bismillah ar Rahman ar Raheem*, "In the name of God, the Merciful, the Compassionate," appear everywhere from the title page of the national plan to the test pattern on the television.

The lists on this page describe Islamic institutions and officials and define religious terms that are often heard in Saudi Arabia. They have been compiled by Michael Field.

At the heart of the Muslim world: a pilgrim places his head inside the protective silver sheath to kiss the black stone placed at a corner in the Ka'aba in Mecca by the Prophet Mohammed

The legal and religious institutions

OFFICIALLY in Sunni Islam there is no ordained religious hierarchy endowed with spiritual authority. In practice in Saudi Arabia the religious leadership is constructed along slightly more formal lines. The Kingdom has a number of religious and *legal institutions which* are often confused with each other. The most important of these are listed below.

Higher Council of the Qada (Judiciary): an extremely important institution, which acts as a supreme court and supervises the ordinary Shariah courts beneath it.

The Higher Council is the unofficial successor of the last Saudi Grand Mufti, Sheikh Mohammad bin Ibrahim 'Al *as-Shaikh, who died in 1969. At the* time of the Grand Mufti's death King Faisal did not want to have only one man as leader of the Saudi religious establishment—the Ulema.

This was mainly because he did not want to appoint to the post Shaikh Abdul-Aziz bin Baz, who had recently quarelled with the King over his ruling that the earth was flat. In these circumstances the institution of a Higher *Council composed of several eminent* religious leaders seemed an expedient step.

The leader of the Council until his death in September 1982 was Shaikh Abdullah Humayid. No successor has yet been appointed.

Higher Ulema Council: not to be confused with the Higher Council of the Qada. The Higher Ulema Council considers broad matters of Islamic affairs and issues fatwas (legal opinions). It has no judicial authority and is not a prominent institution.

Higher Institute for the Qada: a training school in Riyadh for lawyers. The Higher Institute takes those graduates of the numerous Shariah colleges (equivalent to high schools) who wish to become lawyers—as opposed to Shariah college graduates who wish to become teachers in schools and universities. The Institute awards MAs and Phds. When men have passed out of the Institute they go to work for qadis (judges) and after a time are appointed junior qadis themselves.

Shariah colleges: high schools for religious learning, under the authority of the Ministry of Higher Education. There are numerous Shariah colleges in Saudi Arabia, with students who are aspiring to become either teachers or lawyers. It is members of these two *professions who make up the core of the* religious establishment.

Ministry of Justice: concerned with the financing and administration of judicial institutions. The Minister is Shaikh Ibrahim bin Mohammad bin Ibrahim Al as-Shaikh.

Department of Religious Research, Iftah, Dawa and Guidance: headed by Sheikh Abdul-Aziz bin Baz, who is the senior member of the Saudi religious *establishment.*

The Department is in charge of missionary activity (Dawa-Islamic Call), which is aimed mainly at improving Islamic teaching in Africa and the Far East.

In Saudi Arabia its most conspicuous activity is the giving of legal opinions (fatwas) on issues that are placed before it by Saudi citizens or the Government. A subject on which it has often been *asked to pronounce recently is insurance*, which devout Muslims see as a presumptuous attempt by man to provide against the financial consequences of God's will.

A statement issued by Sheikh Abdul-Aziz at the beginning of April was entitled "A Warning against Travelling to Countries of the Heretics and the Danger which such Trips Constitute for Faith and Morals." The statement spoke of the corruption that could stem from visits to the West, where youths could attend "dancing parties, discotheques and dancing contests with girls at night clubs and other suspicious places."

Presidency of the Haramain: under Sheikh Sulaiman bin Obaid. The Presidency is responsible for all matters to do with the mosques of Mecca and Medina, together known as the Haramain.

Mecca is the birthplace of the Prophet and the principal centre of Islamic pilgrimage.

Medina is the city which sheltered the Prophet when he left Mecca and in which he founded the first Islamic state. The Prophet is buried in Medina, as are several members of his family: Hamza, his uncle, Fatima, his daughter, and Aisha, his principal wife.

Members of the Prophet's family are revered by the Shias, which is why Medina is a particularly important centre *of pilgrimage for them. There are Shia* workers from Qatif in the date groves of Medina. Contrary to common belief, no Shia imams are buried in Medina.

Ministry of Haj and Awqaf: administers the Haj (the pilgrimage) and charitable endowments (awqaf—singular waqf). Awqaf are given to finance mosques and an enormous variety of charitable causes—schools, homes for divorced women, hostels for *poor foreign students,*

Committees for the Commendation of Virtue and the Condemnation of Vice: (Hai'ah al Amr bil Marouf wa Nahi 'an al Monkar): headed by an autonomous presidency under Sheikh Abdul-Aziz bin Mohammad bin Ibrahim Al as-Shaikh, the brother of the Minister of Justice. "Committees" is a somewhat outdated expression, because the members, who were once volunteers, are now government employees, and the regional offices are now thought of more as branches of the Presidency in Riyadh than as independent committees.

The members of the committees (known as mutawa) have a mentality that is a cross between that of vigilantes and social workers. They make it their job to see that people stop work for prayers and behave in a dignified way in public. The committees provide an outlet for the enthusiasms of the young Islamiyyin—fundamentalists.

Islamic University: in Medina. The religious university for students of the whole Muslim world, under the supervision of the King.

Umm al Qura University: in Mecca. Formerly a branch of King Abdul-Aziz University in Jeddah, independent since 1981. The university has a strong religious faculty and a bias towards humanities, but it is not completely dedicated to Islamic learning.

Imam Mohammad bin Saud University: in Riyadh. Like Umm al Qura, the Mohammad bin Saud University has an Islamic bias, specialising in law, religious doctrine and Arabic literature.

A guide to Islamic terms and officials

'Alim: A learned and respected teacher or lawyer. A man is not appointed an 'alim—the word does not denote a title or position—he comes to be accepted as an 'alim by those around him. The plural of 'alim is ulema, though the expression ulema is normally used to denote the religious establishment as a whole.

Imam: Literally "he who goes before"—the man who leads the prayers. Normally the word applies to the regular leader of prayers in a mosque. This man will probably be a relatively uneducated person who will defer to an 'alim or other teacher or lawyer if he sees one present.

An Imam can also be the leader of the community. King Abdul-Aziz was often referred to as "the Imam," as was his ancestor, Mohammad bin Saud, the founder of the first Saudi state. Both *of these men led the prayers of their* followers.

In Shia Islam the word Imam again means the leader of the community but refers specifically to the men whom Shias regard as the 12 successors of the Prophet. These were all direct descendants of the Prophet and have the status of major saints.

Muezzin: The man who calls the people to prayer. The muezzin and the Imam together make up the establishment of a mosque. In Saudi Arabia they are government employees.

Khatib: The man who gives the sermon (khutba) on Friday (Juma). Sermons are given by teachers or lawyers—not by the regular imams of the mosques.

Sheikh: Literally an elder — the root of the word is "age." In Saudi Arabia the word is used either as a general term of respect or to mean "teacher." The Al as-Shaikh — "the family of the Sheikh" — is descended from Mohammad bin Abdul-Wahab, the sheikh/teacher who was espoused by the Imam Mohammad bin Saud in the early 18th century. The Al as-Sheikh is the oldest ally of the royal family and has often married into it.

Muwahiddin: Unitarians. The expression comes from the word tawhid — monotheism or unitarianism. Muwahiddin is what the strict Muslims of Saudi Arabia call themselves. Westerners refer to them as Wahabis (after their reformist teacher Mohammad bin Abdul Wahab), which is ironic, because the main tenet of unitarian doctrine is that only God should be worshipped — not members of the Prophet's family or other holy men.

Quran: The Muslim holy book — the *actual words of God as recorded by the* Prophet Mohammad.

Hadith: the day to day actions and sayings of the Prophet, repeated by his friends and written down in the two centuries after his death.

Sunna: the body of Islamic learning made up of the Hadith, together with the teachings from the Quran and the Hadith of the founders of the four schools of Islamic jurisprudence (see below).

Shariah: literally "the way"—the rule for all aspects of life. Islamic law based on the Quran and the Hadith. The Shariah was interpreted in the early days of Islam by four jurists—in chronological order Abu Hanifa al Noaman, Malik bin Anas, Mohammad bin Idris as Shafi, and Ahmed bin Hanbal. These men founded the Hanifi, Maliki, Shafi and Hanbali schools of jurisprudence.

The school taught by Mohammad bin Abdul-Wahab and used since in Saudi domains is that of Ahmed bin Hanbal. This is the strictest of the four schools, though it is quite eclectic. Hanbali judges can draw on the opinions of judges of other schools.

The Shias of the Eastern Province espouse the Jaafari school of jurisprudence which is very different from the Sunni schools.

Fatwa: a legal opinion. The process of giving legal opinions is Iftah.

Dawa: preaching or Islamic call. In Saudi Arabia the term normally refers to missionary activity. In Iraq the banned Shia political organisation is the Dawa Party.

Shora: consultation. It is part of Islamic doctrine that rulers should consult their people in order to obtain consensus (Ijma') in the Muslim com*munity (umma).*

Salaat: prayers. There are five prayers in the day: Fajr—at sunrise, Doh'r—at midday, Asar—the afternoon prayer when the sun is half way between its height and setting, Maghrib—when the sun falls below the horizon, and Isha—when it is completely dark.